Weekend FT
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An odd couple of peacemakers
Men in the news, Page 6

FINANCIAL TIMES

Europe's Business Newspaper   WEEKEND SEPTEMBER 4/SEPTEMBER 5 1993   D8523A

VW board confirms Piëch and López will not be leaving

Volkswagen chairman Ferdinand Piëch and production director José Ignacio López de Arriortúa will not be leaving the car maker, the group's supervisory board said yesterday. Their future had been in question over the suspected theft of General Motors' industrial secrets. But an interim VW report on the affair contained "no findings to warrant industrial espionage accusations". But the prosecutors' office confirmed it plans to question Mr Piëch as well as Mr López, who is at the centre of the allegations. Page 2

US bond yield at 16-year low: The yield on the benchmark 30-year US Treasury bond fell to 5.97 per cent, the first time in its 16-year history it had broken through the psychologically significant 6 per cent barrier, after weaker-than-expected employment figures. Page 3

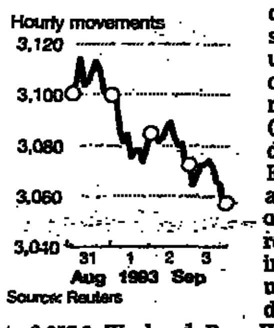
UK car sales boosted: New UK car sales for August are expected to reach around 440,000, the third highest August sales total and above the most optimistic motor industry forecasts. The total, to be released today, compares with the 373,804 sold in August last year. Page 4

Pearson profits up: A strong performance by its banking and newspaper interests helped the UK publishing, banking and industrial group, which owns the Financial Times, to a 34 per cent rise to £46.3m in first-half pre-tax profits. Page 8

Sihanouk reinstated: The co-leaders of Cambodia's interim coalition government announced their country would become a constitutional monarchy with Prince Norodom Sihanouk as king.

Milan judge held in corruption probe: Diego Curto, a senior judge in the Milan judicial system, was arrested over allegations he accepted a bribe of L320m ($200,000) linked to the chemicals industry reorganisation in 1990. Page 2

FT-SE 100 index



Source: Reuters

Gains reversed
In the first three days of September, the UK stock market gave up a good proportion of the gains it had made in recent weeks. On Tuesday, the last day of August, the FT-SE 100 index reached a new intra-day peak of 3,115.1. Then the retreat set in as the index closed that afternoon at 3,100.0 and dropped by Friday to 3,057.3. Weekend, Page II; Share prices, Page 20-21

Japan's surplus up again: Japan's current account surplus rose 24.9 per cent to $11.8bn in July, the 28th month in a row of year-on-year increases. Page 3

Thorp testing to go ahead: Environmental group Greenpeace failed to stop uranium testing at British Nuclear Fuels' Thorp reprocessing plant in northern England. Page 5

EC probes Pilkington plan: The European Commission is to investigate plans by Pilkington, UK glass group, and Techint Finanziaria, its Italian-Argentine partner, to acquire Societa Italiana Vetro, Italian state-owned glass company. Page 2

PLO and Israel in recognition talks: Israeli foreign minister Shimon Peres held talks with the Palestine Liberation Organisation over the wording of a PLO statement paving the way for mutual recognition. Page 3

Kohl urges change in values: Helmut Kohl appealed for support for government plans to privatise and deregulate Germany's economy and reform the social security system. Page 3

Ceasefire offer: Rebel leader Jonas Savimbi told Portuguese president Mario Soares he was ready to implement a ceasefire in the Angolan civil war on a date set by the United Nations.

Children see father die: West Belfast shopkeeper Michael Edwards, 39, was shot dead in his bed by members of the outlawed Loyalist Ulster Freedom Fighters.

Sect leaders held: Leaders of an Argentine branch of the Children of God sect have been charged with racketeering, kidnapping and violating children's human rights.

STOCK MARKET INDICES

FT-SE 100:	3057.3	(-15.3)
Yield	3.76	
FT-SE Eurotrack 100	1293.60	(-9.15)
FT-A All-Share	1518.59	(-0.4%)
Nikkei	21,116.21	(+133.01)
New York: lunchtime		
Dow Jones Ind Ave	3635.32	(+9.22)
S&P Composite	461.93	(+0.63)

US LUNCHTIME RATES

Federal Funds:	2 15/16%
3-mo Treas Bills: Yld	2.993%
Long Bond	104 1/4
Yield	5.942%

LONDON MONEY

3-mo Interbank	5 13/32%	(5 15/16%)
Liffe long gilt future:	Sep 114	(Sep 113 7/32)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$16.61	(16.8)

Gold

New York Comex (Dec)	$367.1	(366.6)
London	$364.25	(364.5)

STERLING

New York lunchtime:		
$	1.5285	
London:		
$	1.5265	(1.501)
DM	2.4775	(2.475)
FFr	8.736	(8.7175)
SFr	2.1825	(2.18)
Y	160.25	(159.0)
£ Index	81.3	(80.5)

DOLLAR

New York lunchtime:		
DM	1.62035	
FFr	5.7001	
SFr	1.42475	
Y	104.405	
London:		
DM	1.6225	(1.649)
FFr	5.7225	(5.8075)
SFr	1.4295	(1.4515)
Y	105.0	(105.85)
$ Index	64.9	(65.5)

Tokyo close Y 105.55

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Halifax insurance arm to take on life industry

By Norma Cohen, Investments Correspondent

THE HALIFAX, Britain's largest building society is to set up its own insurance company which will sell exclusively to its customers.

The move, poses a challenge both to the traditional life industry as well banks and building societies who have entered this increasingly competitive market.

Beginning in late 1994, the Halifax will sever its existing ties with Standard Life, the UK's largest mutually owned life insurance company, for whom it acts exclusive sales agent.

The move represents a blow to Standard Life which sold 18 per cent of all its new UK business through Halifax offices in 1992.

It is not clear whether Halifax customers will be able to buy insurance and investment products more cheaply than they do now or whether they will earn better investment returns.

Standard Life said yesterday that it had been paying higher commission to Halifax agents than to any other sales agent but policies sold this way benefited from other savings.

Industry analysts said that the process of selling policies through banks and building societies, known as bancassurers, could offer advantages to customers once new rules requiring sellers to disclose charges and penalties on policies take effect next year. This is because their lower cost base will allow them to compete on price without impairing profit margins.

Traditional insurance companies have come under attack for failing to reveal to customers cost details and charges. The Treasury has just ruled that, from next year, more information must be given.

"I am sure that Halifax Life will be a successful operation," said Mr Tom King, general manager of marketing at Standard Life. "But I would have said there are already too many companies in the marketplace and I don't think the marketplace is big enough to support all the companies which are out there."

Industry observers said the trend is likely to hasten the shakeout of small to mid-sized insurance companies, particularly mutuals which are owned by their policyholders and have no ready access to fresh capital for expansion.

"These retailers think they can displace existing, less efficient providers. It's not really a matter of adding capacity," said Mr Michael Wadsworth, partner in the insurance practice at consulting actuaries R Watson and Co.

Mr King said the Halifax had made it clear earlier this year that it wanted a life insurance venture of its own and the two companies discussed a joint venture. "But we thought it was best to use our resources to expand our product range," Mr King said.

Mr Michael Blackburn, chief executive of the Halifax, said: "We want the flexibility that control gives you over time."

Standard Life's battle, Page 4
Lex, Page 22

Russia offers debt deal on fleet and warheads

Ukraine set to surrender its nuclear arsenal

By John Lloyd in Moscow and David White in London

Page 2
■ Russian parliament puts off restrictions
■ Backing for Rutskoi

UKRAINE appeared ready yesterday to surrender its status as a nuclear power when it agreed in principle to transfer all its nuclear warheads to Russia for dismantling.

It is also to sell the Ukrainian share of the jointly-controlled Black Sea Fleet to Russia, which will rent the port of Sevastopol, the main Black Sea base.

In return, Moscow will write off a substantial amount of Ukrainian debt to Russia and supply uranium for its power stations.

The surprise agreement came at talks in the Crimea between Russian President Boris Yeltsin and Ukrainian President Leonid Kravchuk. It must still be ratified by the two countries' parliaments where it will face opposition from nationalist deputies, especially in Ukraine.

If implemented, the agreement will come as a relief to the US and its allies, which have become increasingly concerned about the potential emergence of Ukraine as a nuclear-weapon state.

Anxiety over the future of the weapons stationed in Ukraine was increased by recent reports that the Ukrainians were trying to gain operational control over the missiles.

The strategic arsenal on Ukrainian territory consists of 176 intercontinental ballistic missiles with a total of 1,240 warheads, and at least 30 bombers and their nuclear armaments. It has been feared that Ukraine might seek to retain at least the more modern of the missiles, 46 SS-24s, each carrying 10 warheads.

Ukraine's delay in ratifying the 1991 US-Soviet Start 1 arms agreement and joining the Nuclear Non-Proliferation Treaty has held up implementation of both Start 1 and the follow-up Start 2, which the US signed with Russia in January this year.

The deal, if ratified, also removes the largest sources of enmity between the two states - and appears to cede to Russia the senior role in a future relationship.

The 300-ship fleet, which the two presidents had agreed to split at a summit meeting last year, has remained a political football between the two states, as the mainly Russian officer corps protested against the division.

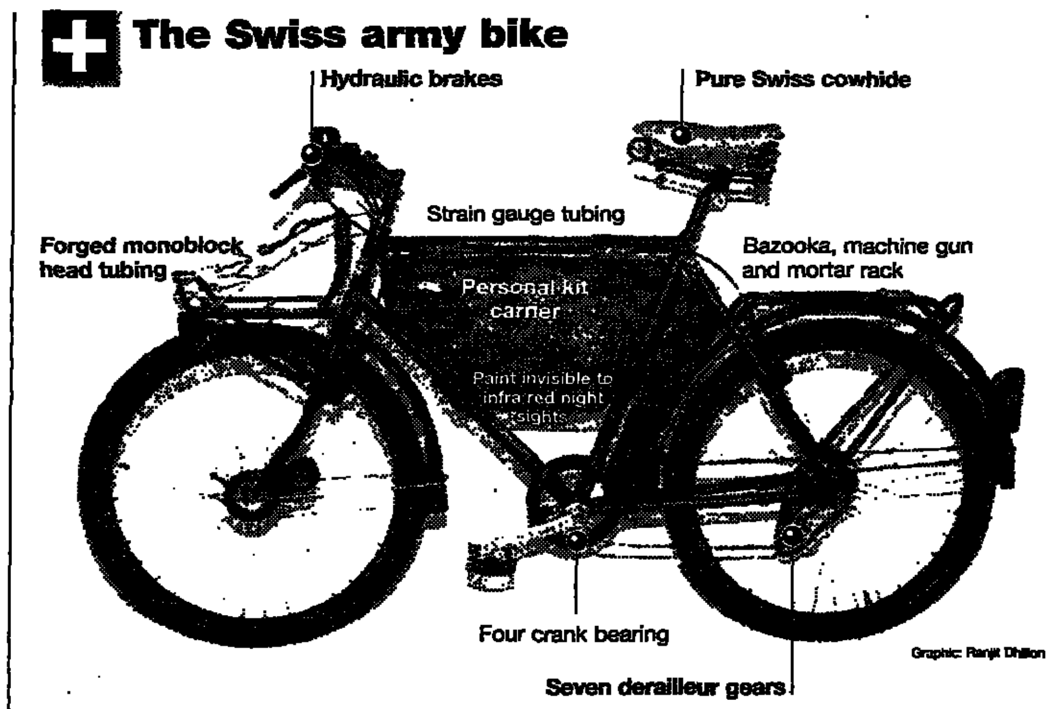
Both agreements appear to have been dictated by the rapidly worsening economic position of Ukraine, where inflation has risen to around 40 per cent a month and all attempts at reforms have stalled.

Russia will set its payment for the Ukrainian half of the fleet - to be worked out by a joint commission in the coming months - against an estimated $2.5bn (£1.65bn) Ukrainian debt to Russia, mainly for oil and gas.

"If the balance is in Ukraine's favour, then Russia will pay," Mr Yeltsin said after the three-hour talks.

Mr Kravchuk, speaking after the talks which were described by members of his delegation as "tense", said that the previously adopted decision on splitting the fleet "no longer corresponded to the real situation". If confirmed, the deal between Mr Yeltsin and Mr Kravchuk could pave the way for a closer economic union between the two states.

The Swiss army bike



Unusual extras: the new model Swiss Army mountain bike, soon to be on offer to civilians

You've bought the knife, now ride the mountain bike

By Ian Rodger in Courfaivre, Switzerland

THE "Swiss Army" which immortalised the pen knife may be about to do the same for the mountain bike.

A small business in the Jura mountains hopes to capitalise on the same cachet with a new weapon-carrying, heavy duty bicycle it is beginning to supply to the Swiss army.

The "Swiss Army Bike" includes fittings for heavy machine guns, bazookas and 60mm mortar launchers, and a body paint which is invisible to someone using infrared binoculars.

Like most things Swiss, it does not come cheap. At SFr3,280 (£1,490), only the most devoted cyclists will want to buy one. Its weight - 25kg - may also count against it, as may the choice of just seven gears.

Top of the range mountain bikes weigh less than 15kg, have at least 21 gears and cost around £1,250 - with the luxury of suspension.

The Swiss army has long been famous for its bicycle corps, a group of 5,000 amazingly fit soldiers who crank up and down the Alps with something like 100kg of kit and weapons on board.

Until now, they have accomplished these feats on a machine designed in 1905 - pure heavy clog iron, no gears, conventional handlebars. Joining this corps is not the soft option that recruits might have imagined.

But from next week, they will start receiving a brand new model developed at a cost of SFr500,000 in the late 1980s by a small Swiss cycle maker, Condor, in co-operation with

Continued on Page 22

Porter to fight loss of LBC licences

By Raymond Snoddy

DAME Shirley Porter, chairman of the London Broadcasting Company, yesterday vowed to fight to reverse a decision to withdraw the company's two broadcasting licences after more than 20 years.

The Radio Authority, the regulatory body for commercial radio in the UK, gave LBC's FM and AM frequencies to London News Radio.

Two new AM licences went to London Country Radio, a country music station, and Sunrise Radio, an Asian station.

A total of 48 groups applied for eight radio licences - six of them held by existing broadcasters.

Melody Radio, Kiss FM, the dance music station, Jazz FM and Spectrum International Radio, the multi-ethnic station, all retained their franchises.

Applications for business and sports radio were rejected on the grounds they would not provide a rich mixture 24 hours a day.

LNR, chaired by Mr John Tusa.

Continued on Page 22
Details, Page 4

Murdoch in talks on sale of Hong Kong newspaper

By Simon Davies in Hong Kong and Raymond Snoddy in London

MR Rupert Murdoch's News Corporation is negotiating to sell its 50 per cent stake in Hong Kong's leading newspaper group, the South China Morning Post, for a price believed to be about $500m (£331m).

The move comes at the end of a hectic week for the company, during which it unveiled wide-scale expansion plans, including a German television deal, an "open university" in Asia and the launch of a multi-channel satellite TV package in the UK. It also launched a broadsheet newspaper price war in the UK by cutting the price of its flagship, The Times, by a third.

The stake in the Hong Kong paper carries a stock market value of HK$4bn (£344m). Based on the current share price, Mr Murdoch should reap a total profit of more than HK$5bn, or more than 200 per cent, on his six-year-old investment in the newspaper,including previous disposals.

The talks are taking place six weeks after Mr Murdoch launched his push into Pan-Asian satellite broadcasting through the purchase of 64 per cent of Hong Kong-based Star TV.

The buyer of the South China Morning Post is believed to be a consortium led by Malaysian tycoon Mr Robert Kuok, one of South East Asia's most powerful businessmen. Mr Kuok owns interests in the Shangri-La hotel group and a 33 per cent stake in Hong Kong's most profitable television broadcaster TVB.

Although there has been speculation that the newspaper sale is connected with Mr Murdoch's satellite ambitions, it is believed that he has simply decided he does not want to face the possible political difficulties of running a newspaper in Hong Kong when the Chinese take over in 1997.

Mr Murdoch's experience with the South China Morning Post has been short, but extremely sweet. He purchased the entire company in early 1987 for HK$2.4 billion and subsequently stripped out a number of its publishing

Continued on Page 22
Pearson results, Page 8
Lex, Page 22

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Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr65; China Fec 13.0; Canada C$1.40; Croatia HRD5700; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50;Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$16; Hungary Ft185; Iceland IKR215; India Rup40;Indonesia Rp3,600; Israel NS6.60; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600;Lebanon $US1.25; Luxembourg LFr65; Malaysia Rin4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; Slovenia SLT220; South Africa R12.00; Spain Pts210; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20;Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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Prosecutors to question VW chairman

By Christopher Parkes in Frankfurt

CRIMINAL investigators probing the suspected theft of General Motors' industrial secrets by Volkswagen executives plan to question Mr Ferdinand Piëch, group chairman.

He and Mr Jose Ignacio López de Arriortua, the company's production director at the centre of the investigation, would be interrogated "as sure as they say 'amen' in church," the Darmstadt prosecutors' office said yesterday.

But legal officials would first have to complete their examination of a haul of documents and computerised information seized from the vehicle group's Wolfsburg headquarters in a raid on August 26.

The office recently suggested Mr Piëch would not be called because, a spokesman said, "he is not a suspect".

An interim report on a private probe within VW, presented to the group's supervisory board yesterday, contained "no findings to warrant industrial espionage accusations," the company said in a statement last night.

Officials said after an all-day meeting of the board that Mr Piëch and Mr López would not be leaving.

The investigations involving Mr López and three associates, who left the General Motors group in March, are primarily concerned with suspicions of the systematic theft of secrets from Adam Opel, GM's German subsidiary.

The supervisory board, which appoints and oversees the work of executive directors, was also told yesterday that group profits in 1993 could be adversely affected by poor performances at the Seat subsidiary in Spain and in north American and Asian-Pacific markets.

However, the German parent and the group would show a profit in the third quarter after a DM1.6bn (£646m) loss in the first half.

The statement issued after the board session once again showed signs of a retreat from earlier declarations that the company would break even or return to profit this year, and that Mr Lopez would remain until he had been found guilty.

The supervisory board also reinstated Mr Ulrich Seiffert as main board research and development director with immediate effect. He was removed in mid-March on the same day Mr López was appointed.

The criminal investigation, under way since mid-May, shows no signs of an early conclusion.

The VW supervisory board, which appointed auditors KPMG Deutsche Treuhand on August 13 to carry out an independent probe, said yesterday it expected a full report by the end of October.

However, KPMG will have no access to the 30 computers and quantities of documents and diskettes seized recently by the legal authorities.

EC to probe glass merger

By Andrew Hill in Brussels

THE European Commission has opened a full inquiry into the proposed acquisition of Societa Italiana Vetro the Italian state glass company, by Pilkington, the UK glass group, and Techint Finanziaria, its Italian-Argentine partner.

The L210bn (£87m) deal will be suspended for up to four months, while the Commission's merger control task force assesses its impact on competition in the EC. The buyers provided for regulatory delays when drawing up the purchase contract.

If the Commission decides the takeover is anti-competitive it could ask for changes to the deal or block it outright. Brussels has only outlawed one proposed merger in the three years since the EC merger regulation took effect.

The Brussels authorities did not explain their initial doubts about the deal. In a statement issued following a month-long preliminary investigation, the Commission said the merger would reduce the number of "major Community [flat glass] suppliers" to five, and give Pilkington a position very close to the market leader, Saint Gobain of France.

The sale of SIV is the first large disposal in the liquidation of Efim, the Italian state holding company. It would raise Pilkington's profile in Italy and Spain and strengthen its position in automotive glass. SIV is the biggest European producer of car glass.

● The Commission has rejected a complaint by Ladbroke, the British bookmaker, hotels and property group, against a preferential betting system linking the Belgian tote operators with their French counterparts. Ladbroke said it would raise the matter at the European Court of Justice.

Italian judge accused of corruption

By Robert Graham in Rome

MR Diego Curto, one of the most senior judges in the Milan judicial system, was yesterday arrested on charges of corruption linked to the 'Enimont' affair.

His arrest followed well-publicised leaks from Milan investigating magistrates that he had allegedly accepted a bribe of L320m (£133,000) as a result of his role in the complex judicial proceedings surrounding the reorganisation of the chemicals industry in 1990.

It is the first time a leading judicial figure in northern Italy has been arrested since the corruption scandals came to light 16 months ago. One of the most disturbing features of the allegations is that he was purportedly receiving money as late as July this year.

The arrest sheds further light on the murky events surrounding the end of Enimont, the chemicals' venture between the Ferruzzi group's Montedison and ENI, the state oil concern.

Mr Curto, a Sicilian-born judge who has written seven novels, has been under investigation since the beginning of August. His arrest follows the reported confession of Mr Vincenzo Palladino, former deputy chairman of the major state commercial bank, Comit.

Mr Palladino, a political appointee at Comit of the Socialist Party, was arrested on charges of corruption on July 29 and released by Milan magistrates from jail to house arrest on Wednesday. Mr Palladino played a crucial role in the battle for control of Enimont when Mr Raul Gardini, the former head of Montedison, sought to obtain a controlling stake through friendly third party shareholders.

Mr Gardini's move was blocked by the Milan courts on the orders of Mr Curto, who froze dealings in the shares in November 1990. The shares were then placed under the tutelage of Mr Palladino for 22 days.

During this period a deal was worked out between Mr Gardini on the one hand and ENI and its political masters on the other. This allowed ENI to purchase Montedison's 40 per cent stake for an inflated L2,800bn and that of the third parties for L1,400bn. Out of the inflated price Mr Gardini is alleged to have paid at least L120bn in bribes, mainly to the Socialists and Christian Democrats.

Hungary reburies its wartime leader

Nicholas Denton charts the mixed emotions raised by the return of Miklos Horthy

HISTORY in eastern Europe has a disturb ing tendency to rise up from the grave to haunt the living. Hungary's deceased leaders make a particular habit of it.

The latest is Miklos Horthy, disinterred from his resting place in Portuguese exile, who is to be grandly reburied today in the family tomb at Kenderes in the great plain of Hungary.

While generally one of the more forward-looking of the new democracies, Hungary has a rather morbid practice of digging up and then reburying long-dead leaders.

The reburial of nationalist communist Laszlo Rajk marked the end of Stalinist terror. That of Imre Nagy, prime minister during the failed 1956 uprising against Soviet occupation, signalled the bankruptcy of communist rule in Hungary in 1989.

There is also a touch of the comic to the figure of Horthy, the sailor on a white horse, admiral of a country without a sea, and regent of a kingdom without a king.

Nevertheless , nearly 40 years after his death, Horthy remains a powerful and controversial symbol.

Anti-semite, war criminal, Nazi ally, revisionist and moral coward to some Hungarians, he was above all a tragic hero, noble anti-communist and patriot to others, including the governing conservatives.

Critics of Horthy say he allied with Nazi Germany; his defenders counter that he preserved Hungary's tattered sovereignty – and the lives of many Jewish refugees – for as long as he could.

Hungary's leader Miklos Horthy visits Hitler in Kiel, northern Germany, on 22 August, 1938

Horthy stood by as German occupation forces in 1944 transported hundreds of thousands of rural Jews to their deaths in Nazi concentration camps; but he blocked the deportation of Budapest's Jews.

"I consider Miklos Horthy a Hungarian patriot...he should be placed into the continuity of the nation and the awareness of the people," states Jozsef Antall, prime minister of Hungary.

Today's ceremony in Kenderes is not an official state funeral. But many ministers will attend nevertheless and state television plans to provide live coverage. The state mint has even issued coins to commemorate the event.

But liberal and Jewish groups are outraged at the public homage to a ruler they say acquiesced in persecution of Hungary's Jews.

For the Horthy reburial has touched nerves already frayed by the recent formation of the far-right Hungarian Justice Party by anti-semitic writer Istvan Csurka.

Jewish organisations protested yesterday against the "revival of the spirit of the interwar years" outside the ghetto memorial to the 600,000 Hungarian victims of the Holocaust.

At the same time the Democratic Charter, a liberal group led by some of Hungary's leading intellectuals, bad a "final farewell" to the Horthy system.

Horthy's attitude towards Hungary's Jews may have been ambiguous. There is less room, however, to interpret the Regent's singleminded campaign to reverse the Trianon peace settlement which took away two thirds of Hungarian territory after defeat in the First World War.

The Regent's alliance with Hitler allowed him to regain territories from Slovakia, Romania and then Yugoslavia between 1938 and 1941.

Hungary is in its neighbours' eyes, therefore, honouring the arch "revisionist" and underlining its current reluctance to enshrine existing borders in bilateral treaties.

> 'We can't ask every day what the reactions of Romanians, Slovaks and Yugoslavs are going to be'

"It feeds suspicion about what Hungary's real aims are," says Miklos Haraszti, MP of the opposition liberal Free Democrats.

Suspicion is all it is, say conservatives, who deny any territorial ambitions and reject charges that the reburial of Horthy is insensitive.

"We must be allowed some patriotic feelings: we can't ask every day what the reactions of Romanians, Slovaks and Yugoslavs are going to be," says Istvan Bethlen, MP of the governing Hungarian Democratic Forum.

For supporters of the public reburial of Horthy, the last line of defence is that the Regent was part of Hungary's past. "It is something that had to be done," says state secretary Tamas Katona. "We are paying homage to a quarter of a century of Hungarian history." Some would prefer to forget.

Spain cuts interest rates

By Tom Burns in Madrid

THE BANK of Spain yesterday cut its key intervention rate by half a point to 10 per cent, signalling its confidence that the government will persuade unions to limit wage rises and that the recession could have bottomed out.

The decision also reflected a strong performance by the peseta that has given the monetary authorities considerable room to manoeuvre.

Boosted by foreign purchases of Spanish debt and equities, the currency has risen by almost 4 per cent against the D-Mark in the past few weeks and is within its old exchange rate band before the European Monetary System crisis.

The cut prompted most private banks to bring down lending to prime borrowers by between 35 and 50 basis points to between 10 and 11 per cent. Lending rates are now at their cheapest since the early 1980s.

The key factor in the cut appeared to be the expectation of a three-year "social pact" wage agreement. Negotiations with the unions opened this week and are expected to be completed in time for the government to present a restrictive budget to parliament at the end of the month.

A second cause is likely to have been the Bank of Spain's guarded belief that recovery could be close. The Bank's first-half report noted that certain indicators suggested the recession had touched bottom.

Some analysts were, however, surprised by the boldness of the rate cut.

Arguing that wage restraint was not yet in place, that government borrowing requirements were high and that inflation remained stubbornly above 4.5 per cent, Mr Frederick Artessani, director of equities at Madrid securities house Benito y Monjardin, said the central bank "might have had its arm twisted by the government."

UN warns over shelter for Bosnians

By Laura Silber in Geneva and Gillian Tett in London

THE United Nations yesterday warned that almost 3m people would need shelter in Bosnia this winter if the warring sides failed to reach a peace settlement to end the 17-month war.

There are now 1m more displaced refugees and affected people in Bosnia than this time last year, Mr Santiago Romero Perez, UN High Commissioner for Refugees spokesman said yesterday.

Although 2.28m people in Bosnia are now dependent on food aid, the UNHCR only managed to deliver 53 per cent of requirements during the first seven months this year, he added.

His comments come as UN officials warned there could be an upsurge in fighting in Bosnia following the collapse on Wednesday of the latest round of Geneva peace talks. But as the three sides in the conflict pondered their next moves yesterday, the UN protection force in Zagreb reported that Bosnia remained relatively quiet.

With the international mediators insisting the three sides had been very close to a settlement, hopes remain that the parties will eventually be persuaded to return to talks.

One US official yesterday said: "If you look at the details they are much closer than they have been before – these are quite small bits of land they are talking about."

Since the talks broke down, western governments, led by the US, have stepped up pressure on Serb and Croat leaders to give in to Moslem demands for further territory.

The key sticking points are the Moslem demands for a sea outlet to the Adriatic at Neum, an enlargement of the northern Moslem enclave of Bihac, and a land link between Sarajevo and the eastern Moslem enclaves.

Serbian President Slobodan Milosevic is anxious to reach a settlement to win the lifting of sanctions imposed 15 months ago to punish Serbia for its violent division of Bosnia. However Mr Radovan Karadzic, Bosnian Serb leader, yesterday brushed aside a US warning that Nato could intervene with air strikes if fighting escalated.

US and British officials have threatened to impose sanctions on Croatia for Bosnia's partition. But Mr Franjo Tudjman, Croatian president, on Thursday appeared intransigent when his Council for Defence and National Security rejected the Moslem demand for access through the Croat mini-state to Neum, a fishing village on Bosnia's patch of Adriatic coast.

Belgian currency under more pressure

THE BELGIAN central bank again intervened on the currency markets yesterday to support the Belgian franc, but failed to prevent a further slide in its value against the D-Mark, writes Andrew Hill in Brussels.

By mid-afternoon, the currency was trading at BFr21.62 against the D-Mark, compared with BFr21.455 on Thursday evening. A spokeswoman for the central bank said no special announcements were planned for the weekend.

Some foreign exchange dealers were suggesting yesterday that the authorities might announce abandonment of the strong link between the franc and the D-Mark before trading reopened on Monday. The bank said a weekend devaluation was "impossible".

Mr Yves Mersch, director of the Luxembourg treasury, said yesterday there was "absolutely no reason" for a devaluation. The Luxembourg and Belgian franc are part of a currency union.

On Thursday, the Belgian bank threw its full weight behind the "franc fort" policy by raising official interest rates by one percentage point and intervening on the currency markets. The bank has blamed misleading press reports for making the Belgian franc an attractive target for speculation.

Balladur's popularity rises despite economic problems

By John Ridding in Paris

FRANCE'S unemployment rate is at 11.7 per cent and rising. Two of the government's principal policies – a strong franc and European union – have been undermined by the crisis within Europe's exchange rate mechanism. But polls released this week show Mr Edouard Balladur, French prime minister, is more popular than ever.

A survey to be published today in Le Point, the weekly magazine, finds that Mr Balladur is the only conservative politician who would beat left-wing rivals in presidential elections scheduled for 1995.

According to the poll, Mr Balladur would beat Mr Jacques Delor, the socialist European Commission president by 67 per cent to 33 per cent in an electoral contest. He would defeat Mr Michel Rocard, the probable socialist candidate, by 69 per cent to 31 per cent.

Equally significantly, a Louis Harris poll published in the Globe Hebdo magazine earlier this week, showed Mr Balladur was much more popular than Mr Jacques Chirac, leader of the prime minister's Gaullist RPR party.

According to the poll, 67 per cent of those asked believed Mr Balladur had a better chance of being elected president in 1995 and 62 per cent thought he would do a better job than Mr Chirac.

Most political analysts believe the explanation for the prime minister's popularity is a result of his competent image and his unflappability in the face of a series of problems ranging from the European currency crisis to the recession-hit French economy. They also point to the peaceful "cohabitation" between Mr Balladur and the socialist president François Mitterrand.

Rutskoi backed by parliament

THE RUSSIAN parliament yesterday rejected President Boris Yeltsin's decree suspending Vice-President Alexander Rutskoi from his functions and referred the move to the constitutional court, writes Leyla Boulton in Moscow.

If found to be unconstitutional, the controversial presidential decree could open the way for the Congress of People's Deputies, or full parliament, to impeach Mr Yeltsin under a "poison pill" amendment which is supposed to be triggered by any presidential act violating the constitution.

The parliament's response, an inevitable and predictable escalation of the political struggle in Moscow, must have been expected by the president when he issued his decree on Wednesday.

Although Mr Yeltsin insisted yesterday that he had done nothing to violate the constitution, it is probable that the president is past caring as he struggles to deal a final blow to parliament and to his vice-president. Mr Rutskoi, who has been the standard-bearer of the opposition, said yesterday he was starting a pre-campaign for presidential elections.

Mr Oleg Lobov, a first deputy prime minister who is particularly close to the president, said that Mr Yeltsin plans to use a new Federation Council to bypass parliament in order to obtain a new constitution and new elections. He proposes to abolish the vice-presidential post by making no provision for it in the new constitution.

The Council, for which the legal documents were now being drawn up, would act as a "weighty state organ to approve major legislation on the way Russia is run," he told a news conference yesterday.

Also predictably, the parliament left intact that part of the presidential decree which suspended Mr Vladimir Shumeiko, the first deputy prime minister who like the vice-president has been accused of profiting from state imports of baby food. Mr Yeltsin said he was suspending both men temporarily until the allegations were sorted out.

But the growing breach within the Russian cabinet over economic reform was amply illustrated by Mr Lobov's public demand for big changes in the government's mass privatisation programme. He said Russia should cut the amount of state property to be given away for privatisation vouchers and sell more for cash to raise budget revenues and provide more state funds for industrial investment.

* Under amendments it passed yesterday in defiance of a presidential veto, the Russian parliament gave itself and local parliaments the right to supervise media programmes.

Romania struggles to secure IMF standby agreement

Unemployment and strikes are continuing to plague the government's flagging reform efforts, writes Virginia Marsh

A ROMANIAN delegation leaves for Washingon this weekend in a last-ditch attempt to secure a 1993 standby agreement with the International Monetary Fund and restore confidence in the country's flagging reform efforts.

A successful outcome to the talks would unlock some $3bn (£2bn) in badly-needed foreign credits and boost the fragile minority government of Mr Nicolae Vacaroiu, which is coming under increasing attack from opposition parties, trade unions and its own political supporters.

Opposition parties have stepped up their criticism of the government following last weekend's cabinet reshuffle which saw the removal of four ministers including Mr Misu Negritoiu, who was considered the government's key reformer.

Cosma: new strike threat

Opposition leaders say the reshuffle will do nothing to improve the cabinet's ability to govern and have lodged a parliamentary motion demanding the removal of the finance and interior ministers and the goverment's chief of staff, who have all been named in a corruption scandal sparked off by the dismissal of the head of the Financial Guard.

Nationalist parties, on whom the ruling party, the recently renamed Social Democracy party of Romania (SDPR), relies to stay in power, have been angered at their failure to secure a cabinet post and are threatening to withdraw their support. Mr Gheorghe Funar, the fiery nationalist mayor of Cluj in the north-west, has also threatened to seek the impeachment of President Ion Iliescu if bilingual signs are introduced in ethnically mixed areas such as Transylvania. But Romania's application for imminent membership of the Council of Europe has been tied to improved treatment of the country's ethnic minorities.

The government also faces increased labour militancy in the wake of two significant strikes last month. The industry ministry says more stoppages are inevitable. "Workers will only feel the full effect of this summer's price hikes when they receive their winter heat and food bills," an official said. Recent price liberalisation has added to triple digit inflation and the biggest price rises since the overthrow of the Ceausescu regime in 1989.

If the government, under pressure from the IMF and World Bank, restructures state enterprises, workers will soon also face mass unemployment for the first time. Until now only a quarter of the 1m unemployed, 9 per cent of the workforce, have lost their jobs through forced redundancy, according to the unions.

Politically the SDPR, which won last year's elections by promising slower and less painful reforms, has not prepared the country for the hard times which lie ahead. A privatisation official said: "In May, the government falsely said it could cover subsidy cuts '100 per cent' through pay increases. Then, it helped provoke both the recent miners' and train drivers' strikes by promising pay awards which it later realised it could not afford."

The train drivers' strike collapsed last month after its union's telephone lines were cut and state radio and television broadcast government statements saying that workers at most depots had returned to work. Witnesses later said this was false.

Mr Miron Mitrea, joint president of the pro-reform CNSLR-Fratia confederation which, with 3.7m members, represents more than a third of the workforce, says: "The government was not in close contact with the train drivers. It thought it could stop the strike by declaring it illegal, as it does with all strikes." The government also repeatedly misrepresented the miners' demands during the recent coal miners' strike.

That strike ended after the state owned Jiu Valley coal company, which includes a representative of the ministry of industry, partially caved in to the miners' pay demands. Rather than acknowledging this the prime minister said the strike had achived nothing and that the miners had been forced to go ack to work on the govenment's terms.

Once details of the settlement were known, the minister of industry declared the RAH's agreement with the union void. Mr Miron Cosma, the miners' leader, has now begun legal proceedings to have the minister's decision reversed. He is also threatening to launch a new strike.

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Spain cuts interest rates

By Tom Burns in Madrid

Belgian currency under more pressure

Kohl appeals for change in values

By Ariane Genillard in Bonn

CHANCELLOR Helmut Kohl yesterday appealed for public support for his government's plan to reform the German economy and improve its competitiveness as the August unemployment rate stayed for a second month at its highest level this year.

Mr Kohl urged Germans to *change their* values and endorse a far-ranging government paper which proposes to privatise and deregulate the economy and reform the country's social security system. The 96-page document, drafted *by Mr Günter* Rexrodt, *the* economics minister, received cabinet backing on Thursday night. It will form the basis of new laws to be presented to parliament this autumn and next spring.

"We are calling *above all on* each and every one for a change in their attitudes and thinking. Well-established habits must be checked and new priorities must be set," Mr Kohl said.

Spelling out why reforms of the country's generous social security system were needed, Mr Kohl said: "With so much studying, careers beginning at 30 and people retiring at 60, the bill just doesn't add up when life expectancy is 80." Mr Kohl said. "You cannot expect the system, ladies and gentlemen, to function for ever," he said.

His comments were made as figures were released showing West Germany's seasonally adjusted unemployment rate last month stood unchanged against July at 7.5 per cent. The number of people out of work in both the western and eastern parts of the country remained at 3.5m.

While unemployment fell marginally in the west, with *10,600* people finding work, the jobless rate in the east climbed to 15.4 per cent against 15.3 per cent in July.

Call to turn away from Maastricht

By Ariane Genillard

MR *Edmund Stoiber, the prime* minister of Bavaria and a key ally of Chancellor Helmut Kohl, yesterday urged Mr Kohl to abandon his fervent support for a fast-track European integration under the Maastricht *treaty because it risks* alienating voters.

In an letter to the chancellor published in the conservative newspaper die Welt, Mr Stoiber warned that "the majority of voters could no longer be won *by assuming their general* creed towards Europe".

"The fatigue of citizens towards Europe threatens to expand into a rejection of certain developments in the European community," Mr Stoiber *warned.*

The letter comes as his Christian Social Union launches into open battle with rival far-right Republicans ahead of municipal elections in Bavaria at the end of the month and with state elections due next spring.

The Republicans, who are strongest in Germany's southern states, believe they *will enter the federal* parliament next year by tapping into growing anti-Maastricht feelings.

"I believe the development of Europe as a state parallel to or above European states, which *you are pushing for,* is the wrong way and could destroy the process of European integration rather than cement it," the Bavarian premier wrote.

Mr Stoiber welcomed the chancellor's suggestion that *European monetary union* could be delayed "by a year or two" as a result of the virtual collapse of the exchange rate mechanism.

The Bavarian premier said he opposed a single European *currency as "much too ambitious".*

Mr Stoiber repeated his demand for greater powers for the European parliament. He urged Germany to open a debate at the October EC summit on *reforming EC* institutions to make them more transparent and accountable.

Yield on benchmark US bond falls to 16-year low

By Michael Prowse in Washington

THE yield on the benchmark 30-year US Treasury bond fell to 5.97 per cent in trading yesterday , the first time in its 16-year history it had broken through the psychologically significant 6 per cent barrier, after weaker than expected employment figures pointed to continuing sluggish growth.

The yield was 8.6 per cent as recently as 1990 but has fallen steadily since as recession followed by sluggish economic growth led to a downward revision of long-term inflation expectations. The trend to lower long-term yields gained further momentum late last year as it became clear that the Clinton administration intended to pass deficit-cutting fiscal legislation.

The Labour Department said non-farm payroll employment fell 39,000 to 110.3m last month, a sign that economic growth is likely to remain moderate. Analysts had expected a gain in payroll employment of about 150,000.

Separately, the Commerce *Department said the index* of leading economic indicators - a guide to future economic activity - fell 0.1 per cent in July, reversing a 0.1 per cent gain in June.

The official unemployment rate, however, *fell from 6.8* per cent to 6.7 per cent in August, the lowest level in two years. The jobless rate is based on a survey of household employment that is more erratic than payroll jobs data; *the household measure of employment* rose 409,000 last month. The apparent weakness of payroll employment last month was partly offset by revisions to data for July showing a gain of 211,000 rather than the *162,000 initially* reported. Payroll employment has risen substantially since Christmas and is more than 2m above the trough reached in February 1992.

Manufacturing employment *fell 42,000 to 17.7m last month* the lowest level since 1965. Manufacturers have shed 240,000 jobs in the past six months. Service industries such as healthcare continued to create jobs but at a slower *pace than in recent months.*

The decline in leading indicators continued a choppy path for the index this year. Seven of 11 components pointed to economic contraction; four to economic expansion. Recent movements of the index are consistent with sluggish growth.

Peres joins direct talks with PLO

By Julian Ozanne in Jerusalem and Mark Nicholson in Cairo

MR Shimon Peres, Israel's foreign minister, yesterday held talks with the Palestine Liberation Organisation aimed at finalising the wording of a PLO statement paving the way to mutual recognition.

Israeli and PLO officials said Mr Peres and his aides, assisted by three Norwegian mediators led by Mr Johan Joergen Holst, the foreign minister, were talking to the PLO directly in Paris and by telephone to PLO headquarters in Tunis. There was speculation that Mr Peres and the Norwegians, who were staying in the same hotel, were in contact with Mr Mahmoud Abbas (Abu Mazen), the PLO moderate who initialled last week's draft Israeli-Palestinian peace agreement in Norway.

In Jerusalem Mr Yitzhak Rabin, the prime minister, stopping short of publicly uttering the words "PLO", said he was ready to make "painful compromises" for peace with the former revolutionary organisation.

"In general peace is not made with friends. Peace is made with enemies, some of whom - and I won't name names - I loathe very much."

But in Tunis Mr Yassir Arafat, PLO chairman, was battling against stiff opposition to convince his colleagues to accept the wording of a statement in which the PLO would suspend its charter, renounce violence and recognise right to exist.

PLO officials said Mr Arafat was delaying approval of the peace agreement on interim self-rule for Palestinians in the occupied West Bank and Gaza Strip until he gets mutual recognition so he can deflect mounting criticism within Palestinian ranks. Mr Arafat hopes Israeli-PLO recognition will be followed shortly afterwards by US recognition of the PLO.

Palestinian extremists both inside and outside the occupied territories have denounced Mr Arafat's plan. Hamas, the fundamentalist group which rejects negotiations with Israel, admitted shooting an Israeli soldier near Hebron on Thursday. Hamas said the attack was part of a campaign against Israel and the US which it accused of "trying to humiliate and intimidate our people" and "liquidate our cause". In southern Lebanon hundreds of Palestinian refugees demonstrated, describing Mr Arafat's acceptance of the deal as "treason, humiliation and shame".

Israeli troops shot and wounded four Arabs in the occupied Gaza Strip yesterday, three of them at a Moslem fundamentalist rally.

Soldiers in the Jabalya refugee camp opened fire on an Islamic Jihad procession of more than 1,000 demonstrators chanting "Death to Israel, death to America".

● Mr Boutros Boutros Ghali, United Nations secretary general, yesterday offered to send peacekeeping troops to the Gaza Strip and Jericho following an Israeli military withdrawal under the peace agreement.

How the secret deal was hatched

Only Peres' private coterie knew of talks with PLO, reports Julian Ozanne

THE clandestine Israeli-Palestine Liberation Organisation dialogue which hatched the draft peace agreement in Norway was kept so secret that even Israel's leading negotiator with the Palestinians was in the dark.

Mr Elyarkim Rubenstein, Israel's hawkish cabinet secretary and chief negotiator with the Palestinians, was yesterday still considering his resignation. He said he was outraged at being frozen out of the negotiations.

Foreign ministry officials in Jerusalem have said that only a tiny bunch of officials loyal to Mr Shimon Peres, the foreign minister, were in on the talks. Known in Jerusalem as "The Blazers" because of their penchant for dark blue jackets, they include Mr Yossi Beilin, the dovish deputy foreign minister, Mr Uri Savir, the director-general of the ministry and Mr Yoel Singer, the ministry's legal adviser who was brought in to the talks three weeks ago to help in the delicate drafting of a peace agreement.

Mr Nimrod Novic, a special personal adviser to Mr Peres was also involved. All of them have long been closely associated with the "Peres Camp" and one senior official described them yesterday as "an exclusive club of people".

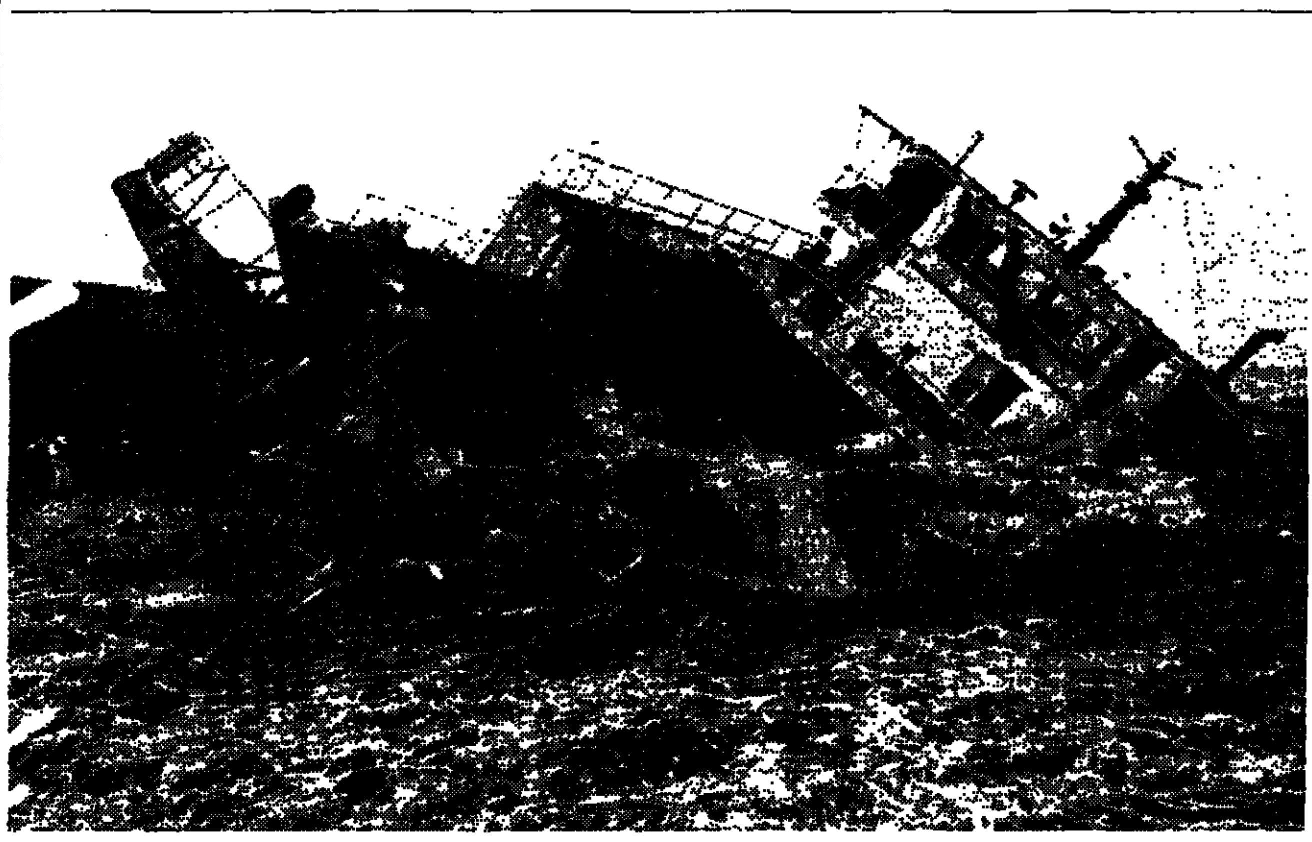
Israeli officials say the critical input from the PLO was provided by Mr Mahmoud Abbas (Abu Mazen) head of the PLO's pan-Arab and international section, a key moderate and a close adviser to Mr Yassir Arafat, the PLO chairman. Another vital PLO official involved was Mr Abu Ala, head of the PLO economics section, an Arafat loyalist and designer of a huge investment plan for the West Bank and Gaza Strip after peace.

The Israelis and Palestinians were assisted by a five-strong Norwegian team led by Mr Johan Joergan Holst, foreign minister. In all 14 meetings took place on Norwegian farms and in private homes between January and August and the Norwegians played a critical role travelling to PLO headquarters in Tunis to meet Mr Arafat. According to Israeli officials Mr Peres only stepped into the talks when a document was all but ready to be initialled last week.

Mr Yitzhak Rabin, Israel's prime minister, was aware of the secret dialogue but his government continued to deny it was happening. Prime ministerial aides said Mr Rabin believed the dialogue was worth pursuing but he did not expect it to yield results and continued pressing forward with talks with Palestinian negotiators from the occupied territories who, like their Israeli counterparts, were kept in the dark.

A turning point came after the collapse of the tenth round of talks in June. Mr Rabin, aides said, began to realise that the negotiators from the PLO in Tunis might be more moderate and willing to strike a deal than the negotiators from the territories. Mr Rabin, however, continued to keep the talks under cover in case they failed and were exposed so that he could plausibly deny any involvement.

In an interview in yesterday's Jerusalem Post, Mr Shaath admitted that the PLO deliberately blocked the tenth round of talks in Washington to force Israel into direct negotiations.



Reuter

A ferry capsizes at Kagoshima port on Kyushu, Japan's southernmost island yesterday, as Typhoon Yancy, hits Japan

Australian dollar plunges amid budget wrangling

By Nikki Tait in Sydney

THE Australian dollar plunged to its lowest levels for six and a half years yesterday amid vicious political wrangling *over the Keating goverment's* budget proposals, announced earlier this month, and a strike by 20,000 of the nation's coal miners.

Overseas investors and speculators drove the currency *down to US$0.6550 in* overnight trading on Thursday, and the Australian dollar then closed in Sydney at US$0.6528 yesterday - *the lowest level* seen since 1987.

The dollar's fall came *despite intervention by the* Reserve Bank of Australia, which started around the $0.6635 mark and continued down to $0.6560

The fall was attributed partly to a slide in the bullion *price and generally weaker* commodity prices.

However, uncertainty over of the final shape of the government's budget strategy and the failure of the coal miners to return to work also contributed to the nervousness surrounding the currency.

The budget plan has stalled in the face of opposition in the Australian senate, where it needs support from the minority Democrat and Green Party senators to pass.

Earlier this week, the government announced a number of modifications including an increased tax rebate for low income earners and a reduced differential between leaded and unleaded petrol - which won qualified support from the Democrats.

However, two key Green Party senators are not expected to make any decision on the revised package until they meet *Mr* John Dawkins, the treasurer, next week.

US funds descend on China

By Tony Walker in Beijing, Tracy Corrigan in London and Martin Dickson in New York

REPRESENTATIVES of *American pension funds with* portfolios worth $500bn will converge on the Chinese capital Beijing next week in search of new investment opportunities in what is regarded as one of the world's more challenging "emerging markets."

Mr Philip Schaefer, organiser of the conference, said yesterday that now American pension funds were permitted to invest 10 per cent of their portfolios internationally there was growing *demand for* fresh investment possibilities in countries like China.

The vogue for foreign investment in China has outstripped the growth of the market. Far from lacking an inflow of for*eign capital,* China's nascent markets are finding it hard to accommodate demand.

Some 100 representatives of pension funds, whose portfolios amount to about an eighth of all pension fund money in the US, will discuss such issues *as China's regulatory environ*ment, and development strategies with senior Chinese officials from state banks and from key policy agencies.

As in other emerging markets, a raft of specialist coun*try funds were set up,* following the creation of B shares for foreign investors 18 months ago. Because of the complexities of the market, most institutional fund managers prefer to use specialist country-fund managers.

"Six months ago, the total market value of funds available to invest in B shares was twice the market capitalisation of B shares," said Mr Kenneth King, head of international investment at Kleinwort Investment Management in London. This means that few funds are fully invested in China, with many using Hong Kong shares as proxies.

In addition, some investors have been deterred by the vola*tility of the market in B shares* which has "doubled and halved twice in less than two years of life," he said.

There has also been growing interest in investing in Chinese debt. The People's Republic of China *is preparing to* return to the Eurobond market with a Y30bn (£188m) offering via Nomura.

Some US major institutions remain wary. Mr De Witt Bowman, chief investment officer of the California Public Employees Retirement System, the largest public pension fund in the US, said it was not investing in China "because we don't feel the public markets are well enough developed, and the private markets are very much insiders' markets" for those with the contacts.

Japan's surplus rises by 24.9%

By Robert Thomson in Tokyo

JAPAN'S current account surplus rose 24.9 per cent to $11.8bn in July, the 28th consecutive month of year-on-year increases, highlighting the pressure on the new coalition government to stimulate domestic demand in the hope of reducing the surplus.

The continuing expansion of the surplus comes as the Bank of Japan is apparently considering a reduction in the official discount rate (ODR) from the present 2.5 per cent, if only to bolster the confidence of consumers and Japanese companies, which are cutting capital investment this year.

Rumours of an ODR cut next week circulated in financial markets yesterday, following a comment by Mr Yasushi Mieno, the Bank of Japan governor, that a rate reduction was not needed to halt yen appreciation. Some brokers interpreted his choice of words as a sign that a cut may be needed to stimulate the economy.

In July, the surplus in Japan's trade account rose 22.3 per cent to $13.89bn (£9.10bn), and the finance ministry blamed the increase on the yen's strength during the month. Seasonally adjusted, the current account surplus rose from $8.9bn in June to $11.2bn in July.

The long-term capital account showed a deficit of $4.4bn, compared to a surplus of $260m in the same month last year, while the overall balance of payments had a surplus of $5.2bn, against a surplus of $8.5bn a year earlier.

Japanese investors were net purchasers of $1.38bn in foreign shares, compared to $1.24bn in the previous month, while they were sellers of $692m in foreign bonds, compared to net sales of $3.04bn in June.

Philippines records 1.8% growth in first half

By Jose Galang in Manila

THE PHILIPPINES' gross national product, mostly stagnant since 1990, registered an overall growth of 1.8 per cent in the first half of the year, according to government data released yesterday.

The first-half growth, reported by the National Statistical Co-ordination Board (NSCB), dispels fears of further stagnation owing to the debilitating power cuts that had hit metropolitan Manila and the main Luzon island since October 1992.

A sustained inflow of remittances from Filipino workers employed abroad helped propel growth. Without the workers' remittances, gross domestic product grew by only 0.7 per cent, although that was still an improvement over first-half records of the past couple of years. In the first half of 1992, for instance, GDP declined by 0.13 per cent.

The best performer was the agriculture, fishery and forestry sector, which posted a 2.5 per cent expansion. The industry sector, however, declined 1.5 per cent in the half.

Aspin blueprint marks shift in national security strategy

George Graham on why the 'Bottom-Up' review of the US forces may exceed expectations

WHEN President Bill Clinton picked Mr Les Aspin to be defence secretary, many doubted that he would have the *managerial skills to* run an organisation as byzantine, as ossified and as resistant to change as the Pentagon.

A rumpled academic with degrees from Yale, Oxford and the Massachussetts Institute of Technology, and 22 years in Congress, Mr Aspin this week laid out a blueprint for the US armed forces which suggests that he may exceed expectations. His Bottom-Up Review, replete with charts so incomprehensible they could only come *from the Pentagon,* draws on all the number-crunching power at the disposal of military planners. Yet it carries Mr Aspin's professorial stamp in its echoes of a slim discussion paper on force options he produced a year ago when he was chairman of the House of Representatives Armed Services committee.

The review has already been challenged both as too timid in its effort to reduce the country's cold war armed forces and as too harsh and likely to leave the forces demoralised and debilitated.

But it has also been hailed as the most thorough intellectual analysis to date of what tasks the US needs to prepare *its armed forces for.*

The intellectual underpinning of the review represents a dramatic shift away from the national security strategy produced under former President George Bush in August 1991 - when Desert Storm was just concluded and the Soviet Union still existed - which has guided military planners until now.

"The size and orientation of Soviet military forces must therefore remain critical concerns to the United States and the overall health of the European system will still require a counterweight to Soviet military strength," the White House national strategy statement declared. Two years later, the Bottom-Up Review bases its assessment of force needs on the principle that the US should be able to win two nearly simultaneous major regional conflicts - a radical redefinition of the threats facing the country.

Mr Aspin adds proliferation of nuclear weapons, an eventual undermining of US economic strength, and the possible failure of reform in the former Soviet bloc to his list of threats, but says regional dangers are the most crucial in determining the size and shape of future US forces.

"This one is the most important in terms of deciding the size of the defence budget," he said.

To be able to win a single big regional conflict, the Pentagon calculates that it would need eight active army divisions, along with six reserve divisions; eight carrier battlegroups; five active marine brigades; and 10 active fighter wings, together with six reserve wings.

To win one such conflict while containing another until forces could be diverted from the first - a strategy known as "win-hold-win" which had the favour of some budget planners at the White House - would require two more army divisions, two more carrier groups and three more fighter wings.

Mr Aspin's choice of winning in two nearly simultaneous major regional conflicts adds only one more carrier group and another reserve carrier, but it requires significant changes in the type of forces and weaponry that can be brought to bear.

These "enhancements" to the type of forces include elements such as improving the navy's F-14 Tomcats to allow them to carry out ground attacks; adding more smart weapons to the arsenal; and radically overhauling the way army reserves are organised so that they can be made ready for combat much more quickly than proved possible in the Gulf War.

The review also reflects some of Mr Aspin's position papers from his days in Congress in its approach to the defence industry: it proposes the construction of a third Seawolf submarine not because it is needed, but to preserve at least one nuclear submarine yard, and to proceed with the upgrading of about 200 M-1 tanks over the next three years to keep open the only tank manufacturing plant in the country.

Mr Aspin's review was supposed to be conducted from the bottom up, rather than as an exercise in trimming the force structure to fit an already determined budget number, and he has declined to give any overall budget figure until next week. But the plan risks criticism from both wings of Congress, where budget numbers are the most important currency.

It has already been derided by some as cutting only a couple of army divisions and one aircraft carrier group from the force designed under Mr Bush in 1991, and attacked by others as accelerating a ruinous round of defence cuts that has impaired morale and left US troops stretched too thinly. Between the two, it has been criticised as unaffordable within the $1,280bn Mr Clinton has budgeted for defence over the next five years.

Perhaps the harshest criticism, however, is that the Bottom-Up Review is just a theoretical construct with little chance of being implemented in detail against the resistance of Pentagon bureaucrats and of Mr Aspin's former colleagues in Congress, who will be sure to pick away at every element of it.

Aspin: rumpled academic

If the implementation of the Bot*tom-Up Review can live up to its* intellectual promise, then Mr Aspin will truly have made the jump from the senior common room.

New car sales soar above highest estimates

By Kevin Done, Motor Industry Correspondent

NEW CAR SALES in August have exceeded the most optimistic motor industry forecasts and are expected to reach around 440,000, the third highest-ever August sales total.

The figures, which will be released today, are expected to show an increase of close to 18 per cent from the 373,604 achieved in August last year, when the industry was still struggling to emerge from three years of recession. The industry had previously forecast an increase of around 11 per cent.

August is the most hectic period of the year for the retail motor industry with sales stimulated by the change of the registration letter.

It is a key test of the state of demand and has accounted for 23 per cent of annual new car sales in each of the last two years.

New car sales were showing an increase of around 12 per cent after the first 20 days of August, but the industry has been surprised by a late surge in registrations – in particular by Ford and the PSA Peugeot-Citroën group.

The Society of Motor Manufacturers and Traders said the industry had handled "unprecedented sales over the last few days of the month".

The highest level of new car sales in one month was achieved in August 1989 at 500,112.

For the full year Vauxhall yesterday forecast a rise in new car registrations of around 9 per cent to 1.73m-1.74m from the 1.59m achieved last year, which would still leave the industry well below the peak sales year of 1989 at 2.3m.

The UK is presently the only car market in west Europe which is showing any growth.

Sales across Europe fell by close to 18 per cent in the first seven months of the year, and this steep decline is forcing some UK manufacturers to cut production as export orders fall.

Mr Ian McAllister, chairman of Ford of Britain, said that a high level of visits to dealer showrooms had been sustained throughout the month of August. "Maybe customers are using their savings to buy cars now, because interest rates have come down so far on their savings."

He said that sales to company fleets had been particularly strong which suggested that companies were beginning to lift earlier constraints on car replacements. August was a record month for fleet sales.

● Land Rover announced yesterday that it is to introduce a night shift at its Solihull assembly plant in order to increase output of its successful Discovery four-wheel drive vehicle.

It has recruited an additional 300 workers during the summer raising its workforce to 8,400 in order to increase production from 700 to 900 a week.

Smith faces tough fight on union votes

By Kevin Brown, Political Correspondent

THE STRENGTH of opposition to plans by the Labour party leadership to end trade union participation in the selection of parliamentary candidates was underlined yesterday.

The agenda for next month's party conference includes nine pages of motions and amendments on the reform of its constitution, most of which are hostile to the proposals.

The depth of hostility will disappoint Mr John Smith, the Labour leader, who won an important victory in July when the party's national executive committee approved a deal hammered out in talks with the unions.

Mr Smith is unlikely to be surprised, however. Several big unions, including the TGWU general union, have made clear that they oppose the deal, which focuses on one-member-one-vote elections.

Most of the critical motions have been submitted by left-wing constituency parties although their members would benefit most from a reduction in trade union participation.

Many constituency parties complain that any weakening of Labour's links with the unions would risk transforming the party into "another Liberal Democratic party" or worse, a mark two Social Democrat party.

Several unions and constituency parties have submitted motions giving full or partial support to the leadership. These include the Fire Brigades Union and the AEEU engineering and electrical union.

The most substantial opposition comes from unions such as the GMB general union and Nupe, the public services union. Both have submitted motions seeking to undermine the leadership's proposals.

Such an electoral system would be restricted to union members who paid the political levy which helps to finance the Labour party, but would break the link between constituency party members and MPs which the leadership wants to strengthen.

Mr Smith's first public opportunity to win over union critics will come when he addresses the Trade Union Congress on Tuesday.

He is expected to avoid any direct reference to the issue, however, to avoid charges of attempting to hijack the conference agenda.

Subtle franchise bid displaced LBC

By Andrew Bolger

LONDON RADIO News, which will replace LBC as operator of two of London's commercial radio stations next year, was the dark horse of the latest radio franchising round.

Although LBC's franchise was known to be at risk, most believed the stiffest challenge would come from a consortium which included Reuters, the news and information group, Independent Television News and Associated Newspapers, publishers of the Evening Standard and Daily Mail.

London Radio News, which draws on the expertise of former senior LBC employees, felt that a low-key approach would be more effective. Bidders pay the same nominal amount for licences, so were judged solely on the quality and range of their proposed programmes, plus financial support.

Although admitting that they had been working on this bid "for some time", the successful team concentrated resources on quietly preparing as strong a submission as possible to the Radio Authority. It did not publicise its coup in landing Mr John Tusa, former managing director of the BBC World Service, as chairman.

A consortium of pension funds and insurance companies, organised by Guiness Mahon, the merchant bank, will invest £4m in London Radio News. The biggest investor in the private company is Hachette, the French media group, with a 20 per cent stake.

Press Association

Matthew Cartisser, chief executive of LBC, addresses his staff yesterday. London Radio News is to replace LBC as a radio broadcaster

Mr Peter Thornton, former managing director of LBC, is editor-in-chief of LRN. He wants to position the two stations so they compete effectively with the BBC, whether or not the corporation starts its all-day news service.

Mr Thornton said the FM station would be the public's first choice for instant news with a 20-minute segment being constantly updated. There will also be sport and City and financial news at the same intervals. He said this concept worked well in big cities such as New York. The AM service, London Forum Radio, would offer phone-ins and discussion programmes.

London Radio News will employ about 160 people, compared with LBC's present staff of about 120. Mr Thornton said: "We will not rely so much on personalities, although we will still have some big names."

The new company might take space in the City Road offices of The Independent, but there will be no financial or journalistic links between the two organisations.

Mr Bruce Fireman, a director of Guinness Mahon, is deputy chairman of London Radio News and sits on the board of The Independent.

Mr Fireman said London Radio News would next year bid for the third national independent radio franchise, which is to be speech-dominated, but said the company would be viable if the bid did not succeed.

Advertising in London is forecast to grow at 7 per cent a year – higher than the national average. London Radio News believes it can reach about 20 per cent of its potential audience of 10m people and take a similar share of advertising. It is projecting annual revenue of about £10m.

Thousands 'at risk' from drug-resistant TB

By Clive Cookson

TENS OF THOUSANDS of people in Britain could be at risk from drug-resistant strains of tuberculosis, a leading TB specialist warned the British Association meeting at Keele University.

Dr Tim Peto of Oxford University's Nuffield Department of Clinical Medicine said some patients in the US could not be treated effectively with any known antibiotic. The UK has TB strains that are resistant to the best "frontline" drugs but they do succumb to "secondline" antibiotics.

"The impact of multi-drug resistant strains of TB in Britain would be immense," Prof Peto said. "The total cost of managing a major TB outbreak would be huge."

Infectious patients with resistant strains might need to be isolated for long periods. "Intensive health care would be needed to ensure that patients complied with complicated drug regimens for many months in order to check the infection," Dr Peto said.

"In recent years we have seen the impact of HIV disease on public awareness of the impact of sexual behaviour. It is difficult to predict what the effect on society would be if a serious infectious disease emerged which is spread simply by coughing, sneezing or talking."

He blamed "the inequality of health care in the US" for the emergence of multi-resistant TB there. Those at risk in the UK – likely to be tens of thousands – would be those who did not have regular access to NHS facilities. The homeless were especially vulnerable.

A number of once-vanquished microbes that are now making a comeback, the conference heard. Professor Michael Levin of St Mary's Hospital Medical School, London said: "In the past 20 years we have witnessed a dramatic and frightening re-emergence of infectious diseases as major forces against which mankind must struggle for survival."

He said many old diseases had returned and a host of new infectious diseases, which were not dreamed of 15 years ago, had appeared.

Tractor makers gain benefits of ERM departure

By Richard Mooney

TRACTOR manufacturers are enjoying an increasing share of the windfall for UK farmers' incomes provided by the exit of sterling from the European Community's exchange rate mechanism last autumn.

Figures published yesterday by the Agricultural Engineers' Association show that UK registrations of tractors above 40hp totalled 2,741 units in August, up 40.6 per cent from the same month last year, taking the total for the year so far to 11,883 units, up 34 per cent.

Mr Chris Evans, the association's economist, said the sharp rise had to be viewed against the background of extremely depressed sales in preceding years as farmers' incomes slumped to historic lows in real terms. Last year UK tractor sales were the lowest on record, he said.

Reform of the EC's common agricultural policy had already brightened the outlook for farmers before sterling left the ERM and the "green pound" – the artificial exchange rate at which EC-guaranteed farm prices are translated into sterling – was devalued by 20 per cent, Mr Evans said. Although subsequent revaluation of the green pound had reduced farmers' gains, many still found themselves with money to invest in machinery for the first time in years.

The rise in spending on machinery was exaggerated by the fact that much machinery was overdue for replacement, Mr Evans said, while some purchases might have been brought forward to benefit from a 40 per cent tax allowance on farm equipment, which is being reduced to 25 per cent from the end of October. He thought strong demand for tractors would continue at least until then.

The National Farmers' Union agreed that the financial position of UK farmers was better than for some time. It cautioned, however, that investment plans should be considered "with great care" in view of the uncertainties associated with the progress of agricultural policy reform and the impact on farm incomes of any eventual settlement in the general agreement on tariffs and trade.

Theory put on Aids mystery

By Clive Cookson

A NEW THEORY to explain one of the great mysteries of Aids was presented to the British Association meeting in Keele yesterday.

Professor Robert May, a well-known mathematical biologist from Oxford University, sought to explain why there is such a long and variable interval – often as long as 10 years – between first infection with HIV (the virus that causes the disease) and the onset of life-threatening symptoms.

He based his theory on a combination of computer modelling and clinical observations.

It suggests that HIV eventually overwhelms the immune system by its extraordinary mutation rate, which is greater than that of any other known virus. Over a period of years dozens of different HIV strains evolve in the patient, and the immune cells cannot cope with such diversity.

"Each new strain requires a largely-specialised immune response. On the other hand, any strain of HIV can kill or impair the function of any of the immune cells," Prof May said. "Mathematical studies of this peculiar system show that there can be a 'diversity threshold' beyond which the immune system can no longer control the virus."

The theory suggests that chance plays an important role in the time taken to develop Aids, depending on the rate at which random mutations arise in the stages soon after infection.

Prof May says the theory, which he developed with Dr Martin Nowak, "puts the virus itself centre stage". In contrast, many others focus on different factors for triggering the collapse of the immune system. Although much available evidence supports the theory, more experiments will be needed to confirm it.

If Prof May is right, sufferers should in theory take anti-HIV drugs as soon as possible after infection to suppress replication of the virus and the emergence of new mutants. But he says the drugs currently available, such as AZT, have too many toxic side effects for him to give such advice with confidence.

BUSINESSES FOR SALE

INVITATION

FOR THE SUBMISSION OF SEALED BINDING OFFERS FOR THE ACQUISITION OF MEVIOR'S SHARES HELD BY ELEVME S.A.

SUMMARY INFORMATION ON MEVIOR S.A.

NAME: MINING AND INDUSTRIAL MINERALS - MEVIOR S.A.

LOCATION: ASSIROS, Pref. Thessaloniki

ACTIVITY: MEVIOR is now active in the production and marketing of:
- Feldspar
- Quartz
- Silica sand
- Quartzite
- Wollastonite

FINANCIAL DATA
Based on Balance sheet Dec. 31, 1992

ASSETS		
B. INSTALLATION COSTS	Drs.	60,512,881
C. FIXED ASSETS		
I. Intangible assets	"	56,613,972
II. Tangible assets	"	354,934,028
III. Participations	"	635,360
D. CURRENT ASSETS		
I. Inventory	"	65,995,324
II. Receivables	"	66,597,115
III. Marketable Securities	"	16,669,151
IV. Cash	"	12,201,799
E. INTERIM ACCOUNTS		1,138,958
TOTAL ASSETS	"	635,298,588
LIABILITIES AND EQUITY		
Share Capital	"	500,500,000
Investment Subsidies	"	237,197,648
Reserves	"	13,792,452
Retained earnings	"	(138,390,886)
Provisions	"	86,267
Short-term liabilities	"	17,473,285
Interim accounts	"	4,639,822
TOTAL LIABILITIES AND EQUITY		635,298,588

PROCEDURE
(As per Greek Law 2000/91)

1. Potential buyers are invited to receive, after signing a confidentiality agreement with ELEVME S.A., the Information Brochure describing MEVIOR's activities.
   Interested parties shall submit a binding offer, in a sealed envelope, for 393,960 shares (out of a total of 500,500 shares). It is indispensable that *the offer be accompanied by a guarantee letter issued by a Bank legally* operating in Greece for the sum of 25,600,000 Drs which represents 10% of the starting price of the public auction. The guarantee letter, draft of which can be obtained from ELEVME S.A., shall be submitted enclosed in a separate envelope marked "Guarantee Letter".
2. The offers shall be submitted on Tuesday the 28th September 1993 between 8.00 am and 12 noon to the notary public of Langada (Thessaloniki prefecture) Stavroula Anastassopoulou, 33 Loutron Street, 1st floor, Tel. (0394) 25566.
   The offers shall be opened on the same day at 12.15 pm. The bidders may witness the opening of the offers.
3. The starting price amounts to 650 Drs per share i.e. a minimum total of 256,074,000 Drs (Decision of Court of Appeal of Thessaloniki No 1187/1993).
4. The bidders should also submit a letter concerning:
   a. Their intentions in respect of maintaining or not or increasing the number of job positions
   b. Any other proposals for further developing the company's activities such as new investments, increasing of exports etc.

To obtain the Information Brochure as well as additional data on MEVIOR, those interested can apply to the liquidators of ELEVME S.A., 18 Kifissias, Maroussi, TEL: (01) 6843520 and (01) 6843529, FAX: (01) 6843527.

Maroussi, September 1st, 1993
THE LIQUIDATORS

Standard Life's battle to maintain sales

STANDARD LIFE must have seen the writing on the wall. Late last year it unveiled a new logo designed to promote brand-name identity and has recently ventured into image advertising on television.

It will need more than a stronger image to prosper in future, for like increasing numbers of leading life insurers, Standard Life is about to find itself frozen out of the high street.

Standard Life had the presence of mind in 1989 to "tie" itself to the UK's largest building society, the Halifax. That outlet provided 18 per cent of all its new business in the UK last year.

Yesterday the Halifax said that from the end of 1994 it will sever the arrangement under which it sold Standard Life insurance and pensions products exclusively, and will only sell those of a new company it plans to form itself.

Mr John Wriglesworth, building societies analyst at UBS Securities, said: "To Joe Public who doesn't read the newspapers, Halifax Life is a better brand than Standard Life. It has no public presence although its a cracking good company."

Insurance ties of the top 10 societies

- **Halifax:** tied to Standard Life but, from late 1994 it will sell only products from its own subsidiary, Halifax Life
- ***Nationwide:*** *tied to Guardian Royal Exchange*
- **Leeds Permanent** (to be formed by merger between Leeds and National and Provincial): Leeds will sever its tie to Norwich Union next spring. The combined society will sell products of a wholly-owned insurance subsidiary
- **Woolwich:** tied to own subsidiary, Woolwich Life
- **Alliance and Leicester:** tied to Scottish Amicable
- **Cheltenham and Gloucester:** tied to Legal and General but from November it will offer no retail financial services at all
- **Bradford and Bingley:** has independent financial adviser
- **Britannia Life:** tied to its own subsidiary, Brittania Life
- ***Bristol and West:*** *tied to Eagle Star*
- **Northern Rock:** tied to Legal and General but offers independent advice through a subsidiary

Mr Tom King, general manager (marketing) at Standard Life, said the company would quickly recoup the lost business by selling more through the independent financial advisers which account for 70 per cent of its sales, and by expanding its direct salesforce.

But industry analysts are doubtful. Mr Mike Wadsworth, partner in the insurance practice at consulting actuaries R Watson and Co, said: "Clearly in the area of mortgage-related business it is difficult to see how the shortfall can be made up quickly."

A number of the nation's largest banks and building societies have abandoned ties with outside insurance companies in favour of self-owned operations.

Only two leading building societies, Nationwide with *Guardian Royal Exchange*, and Alliance and Leicester with Scottish Amicable, remain firmly tied to large insurance companies – and that may not last.

Nationwide said: "Our tie doesn't come up for renewal until the end of 1994. We are now looking at all our options."

Five years ago the Financial Services Act determined that retailers of financial services must either sell the products of one producer exclusively, or must sell the best product of a broad range of producers.

Most banks and building societies saw exclusive arrangements as more profitable. But inevitably, Mr Wadsworth said, frustrations set in. "Its hard for a major insurer to give the attention that the retailer thinks his customer needs," he explained.

In short, insurance companies do not tailor products for the building society market.

Mr Michael Blackburn, Halifax chief executive, in explaining why the tie had to be abandoned, said: "It's to do with control over the manufacturing process. We are particularly concerned that our competitors have more flexibility than we do."

Until recently the Halifax had been privately urging the Securities and Investments Board to consider allowing "multi-tying", which would have enabled it to have different exclusive arrangements for different products.

Mr Blackburn declined to speculate about whether the Halifax would have preferred multi-tying to starting its own insurance company, saying there was no prospect of rule changes in any event.

But Mr Wriglesworth said there was little doubt about the Halifax's preference.

"I don't think this would have happened if they could have had ties with several providers," he said.

Norma Cohen

OFT urged to probe Times cut

THE OFFICE of Fair Trading is considering a request from the Labour party to investigate Mr Rupert Murdoch's decision to cut the weekday price of The Times from 45p to 30p, a move which The Independent fears will drive it out of business, write Ian Hargreaves and David Owen.

The OFT said yesterday that Sir Bryan Carsberg, the director-general of fair trading, was "monitoring developments and would give serious consideration to any representation on the matter".

Later it said it had received a submission from Mr Robin Cook, Labour's trade and industry spokesman.

Mr Cook's letter – also signed by Ms Ann Clwyd, Labour's national heritage spokeswoman – asked the OFT to instigate a monopoly reference to the Monopolies and Mergers Commission on "whether the dominant position of News Corporation and its subsidiary companies . . . is resulting in unfair competition."

Noting that The Times was "already loss-making", the letter expressed concern that the price cut "could well lead to other competitors without external financial subsidies being forced out of the market".

It said: "An investigation is required to establish whether this constitutes an anti-competitive practice under the Competition Act."

Unitary authority plans delayed

THE FINAL report by the Local Government Commission on its proposals for reorganising Derbyshire County Council has been postponed for seven weeks, the Department of the Environment said yesterday.

Its provisional recommendation to create two unitary authorities, one for Derby and the other covering the remainder of the county, was strongly criticised by local MPs and employers when it was announced in May. The commission's final decision, following formal responses from the local community, will not now be published until November 7. It was scheduled to be released on September 19, just before the Conservative party conference.

Final decisions on reorganisation for Durham and Cleveland have been brought forward by two weeks, and will now also be announced on November 7. Commissioners will start their reviews of Lancashire and Cumbria, and Hampshire in early September, in line with the original schedule.

Mr David Curry, the local government minister, said: "We have been looking at ways to improve the review process and we will make an announcement as soon as we can. The message now is that we want the commission to press ahead with the next reviews in the programme, Cumbria and Lancashire, and Hampshire."

Unions strongest in Merseyside

MERSEYSIDE is the only region where trade unionists make up the largest part of the employed workforce, figures compiled by the GMB general union from the government's latest labour force survey show.

Three years ago four other regions had workforces with more than 50 per cent trade unionists: Tyne and Wear, the rest of the north-east, South Yorkshire, and central Clydeside.

But since 1989 the proportion of the workforce in unions in Tyne and Wear has fallen from 54 per cent to 47.4 per cent and in South Yorkshire from 50 per cent to 49.1 per cent. In inner London less than a third of the workforce are in unions (32.2 per cent), about the same figure as four years ago.

More airport jobs

EXCALIBUR AIRWAYS, the independent charter airline, is to move part of its tour operations to East Midlands Airport, creating 50 jobs for air crew and ground support staff.

BA passenger lift

BRITISH AIRWAYS said its scheduled passenger traffic in July was up 12.4 per cent from a year ago with a record 2.7m passengers carried. But capacity also rose, leaving the passenger load factor down 1.5 percentage points from a year ago at 78.1 per cent.

Cheaper credit unlikely by Budget

Rise in M0 foils hopes for rate cut

By Emma Tucker, Economics Staff

LINGERING HOPES for an early cut in interest rates were suppressed yesterday by the news that the amount of money in circulation increased again in August.

Bank of England figures showed that M0, mainly notes and coins in circulation, grew a seasonally adjusted 0.3 per cent last month, to give a year-on-year growth rate of 5.2 per cent.

This was the highest annual growth rate since July 1990 and compares with 4.8 per cent in July and 4.4 per cent in June.

The figure will be taken as a further sign of economic recovery because M0 has acted as a fairly reliable guide to levels of activity in the retail sector since the end of the recession last year. Mr George Magnus, economist at SG Warburg Securities, said: "These figures suggest that the economy is going to continue at a reasonable pace."

The rate of narrow money growth is now 1.2 percentage points above the ceiling of the government's zero to 4 per cent monitor range for M0. Its buoyancy indicates a steady recovery in retail spending.

However, economists said that the particularly sharp rise in the year-on-year growth rate was partly due to a large increase in the annual rate of bankers' operational deposits which make up a small proportion of M0. These deposits are more influenced by conditions in the money markets than by economic activity.

Mr Don Smith, UK economist at Midland Global Markets, said: "The large annual rise in M0 is due mainly to bankers' balances. The underlying trend remains pretty flat."

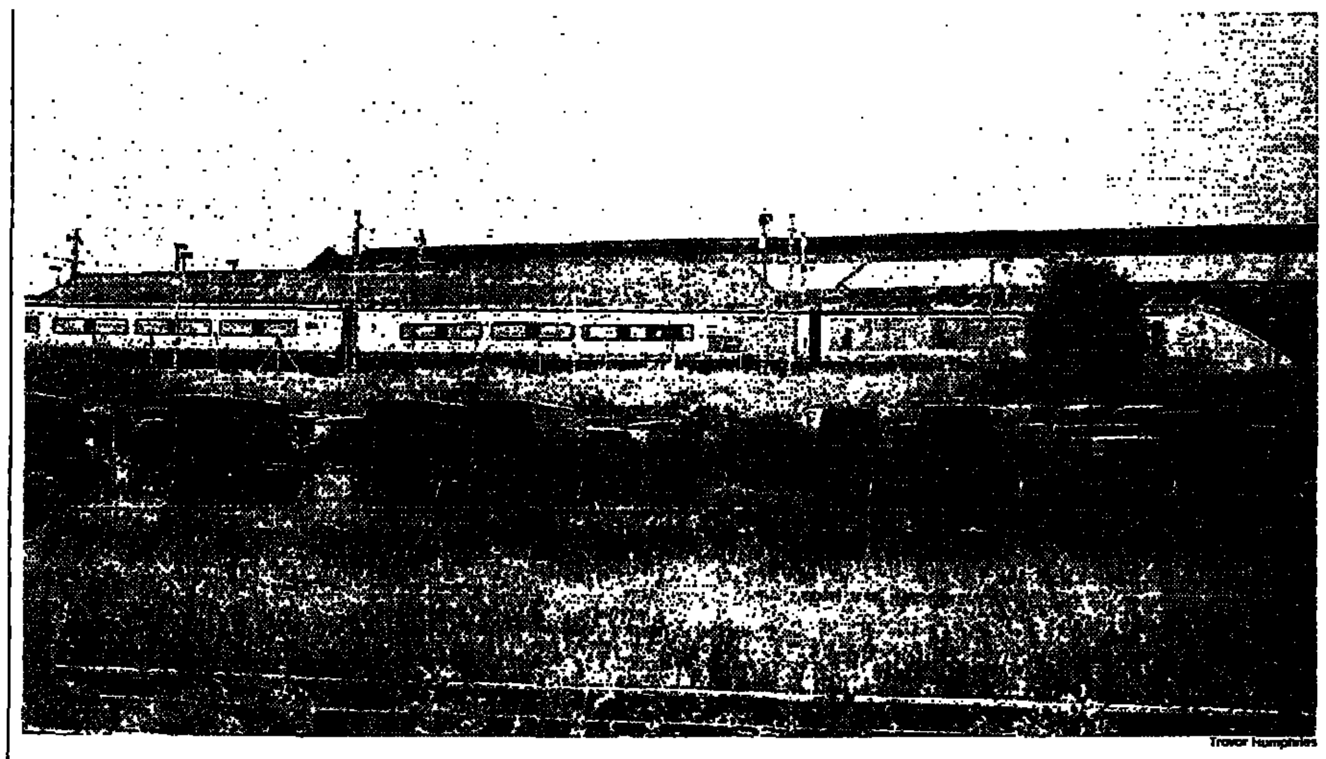
If bankers' balances are stripped out of the figures, notes and coins grew by 4.8 per cent in the year to August, compared with 5.2 per cent in the year to July.

Nonetheless, the resilience of M0 will reduce pressure on the government to ease monetary policy in the near future.

There is some expectation for another base rate cut at the beginning of October when the three political parties hold their annual conferences, but many analysts do not expect to see lower rates at least until the Budget at the end of November.

The Bank also announced no revision to broad M4 money. M4, M0 plus bank and building society deposits, grew by 0.9 per cent on a seasonally-adjusted basis in July to give an annual rise of 3.6 per cent.

The Treasury has set a 3 per cent to 9 per cent monitoring range for broad M4 money growth. This has remained weak throughout this year.



Trevor Humphries

Channel train prepares for test run

By Tim Burt

THE EUROSTAR (above), Britain's first *Channel tunnel express train, has* been rolled out for engineering tests before making its debut run.

Once checks have been completed operating tests will start amid some secrecy in late-night runs between Aston and Lichfield in the Midlands.

The first train, of which 10 carriages are ready, *is being prepared in* Birmingham by Metro Cammell, the GEC Alsthom subsidiary. Workers at the plant are assembling 14 further trains for the Channel tunnel fleet, ordered by British Rail, SNCF of France and SNCB of Belgium at a cost of £24m each.

After the tunnel's opening next summer *38 Eurostar trains will link European* cities at speeds of up to 180mph. Services to London, however, will operate at lower speeds until the delayed Channel rail link is completed.

Court plea on Thorp tests fails

By Bronwen Maddox, Environment Correspondent

GREENPEACE, the environmental group, yesterday failed in its second attempt to stop uranium testing at British Nuclear Fuels' Thorp reprocessing plant in Cumbria.

The Court of Appeal, in a 2-1 majority decision, rejected the plea for an order stopping the tests before the High Court examines the their legality on September 14.

Greenpeace is arguing that the tests, which will contaminate part of the £2.8bn plant with radioactivity, prejudice the government's decision on whether to give the plant a licence to start operation. The government has already said it is "minded" to grant a licence, but will decide finally after the current public consultation ends on October 4.

Yesterday's ruling on the testing still leaves Greenpeace free to challenge the eventual decision on the licence.

Lord Justice Glidewell and Lord Justice Scott agreed there was nothing in the fresh evidence before the court to invalidate the ruling of Mr Justice Brooke on Wednesday that BNF should be allowed to begin the tests before September 14.

Lord Justice Evans said the new evidence showed that although the first phase of testing had started on Thursday, contaminating uranium would not be introduced "into the machinery" until the second phase began in about a week.

Brown attacks tax relief for share options

By David Owen

THE GOVERNMENT should abolish tax relief on executive share options, Mr Gordon Brown, the shadow chancellor, said yesterday, launching a fresh Labour assault on boardroom perks and remuneration.

Speaking just three days after Mr Norman Lamont, the former chancellor, rejoined N.M. Rothschild & Sons, the merchant bank, as a non-executive director, Mr Brown *also called for a "decent interval"* to elapse before former cabinet ministers were allowed to accept private-sector directorships.

Mr Brown said ministers had not spoken out against boardroom "excesses" because so many former members of cabinet were themselves among the beneficiaries.

"This new and cosy City cabinet – many privatising industries or awarding privatisation contracts from the cabinet room one day and then involved in running them from the boardroom a little later – cannot command confidence or credibility," he said.

Former ministers singled out by Mr Brown for "walking straight from the cabinet room into the boardroom" included: Lord Tebbit, the former trade and industry secretary; Lord Walker, the former energy secretary; Lord Lawson, the former chancellor; and Sir Norman Fowler, the former transport secretary.

Earlier this week it was announced that Sir Norman, now Tory party chairman, was to resign as non-executive director of Group 4 Securitas, the international group of security businesses, from next month.

Group 4 – and Sir Norman's involvement with the company – hit the headlines in April when four men escaped or were wrongly released within days of Group 4 starting work as the first private-sector company to run services escorting prisoners between prisons and courts.

The company, which won *the contract to run the Wolds* remand prison on Humberside, is likely to be among the bidders for new business arising from the government's decision to contract out the management of a further 10 prisons to the private sector.

Referring to a Labour survey of directors' pay increases, Mr Brown said boardroom remuneration in leading companies had gone up by 90 per cent more than average wages in the last five years.

Speaking in Wolverhampton, he highlighted share options held by senior executives in the electricity industry which he said could yield a "£45m handout".

Tax relief on executive share options was likely to cost the exchequer about £250m over the next five years, he predicted.

Mr Brown added: "But, more than legislation, it will require the pressure of public opinion that values fairness and dislikes unfairness that will eventually tame these boardroom excesses."

Ministers in industry, Page 7

PM tries to keep a sunny disposition

Kevin Brown on the difficulties awaiting John Major as he returns from holiday next week

SNUG IN his borrowed Portuguese holiday villa Mr John Major has had two uncluttered weeks to reflect on the outlook for the coming year. It will not have been a relaxing experience.

In the prime minister's absence Downing Street aides are claiming that the end of the Maastricht tussle will allow a line to be drawn under the divisions and disasters of last year.

Add in an accelerating economic recovery, say the siren voices, and a reunited Conservative party would soon be back on course for a fifth successive election victory.

Mr Major, who returns to Downing Street on Tuesday, will be hoping that the optimists are right. But he will be painfully aware of the long list of banana skins lying in wait for a misplaced government foot.

Ironically, after a year in which most of the prime minister's energy has been directed to overcoming parliamentary rebellions, the Commons may be the least of the government's problems.

At this early stage of the parliamentary year the only immediate legislative problem appears to be the British Rail privatisation bill, which the Lords did their noble best to wreck in the dying days of the last session.

It has become clear during the summer recess that a large number of Conservative MPs, mainly in the south-east commuter belt, are sympathetic to the Lords amendment, suggesting that reversing it in the Commons may be difficult.

Even more worryingly for Mr Major, the potential rebels are drawn largely from loyalists who have refused to join previous rebellions against the government.

At least Mr Major can console himself with the hope that the loyalists can be won back if a sufficiently ingenious compromise can be found.

But the hard-core rebels – a shifting coalition of a dozen or so Euro-sceptics and embittered Thatcherites – remain on the alert for any opportunity to embarrass the government.

Their best chance may come in December when the European Council meets in Brussels to plan the future of the European Community in the wake of the Maastricht treaty and the collapse of the exchange rate mechanism.

Mr Major will be walking a tightrope. He must appear sufficiently *communautaire* to avoid backtracking on his vision of Britain "at the heart of Europe" while sounding sufficiently sceptical to avoid a renewed eruption from the back benches.

He must also be dreading the publication of Baroness Thatcher's memoirs, due next month. Inevitably attention will focus on his part in her downfall.

From Mr Major's point of view the timing could hardly be worse. The party is already riven by an acrimonious debate on the possibility of tax increases in the November budget as part of the government's drive to bring its £50bn budget deficit under control.

Rightwingers such as Mr John Townend, chairman of the party's finance committee, have forecast an irretrievable split if Mr Kenneth Clarke, the chancellor, decides that higher taxes are essential.

Usually changes in tax rates are a matter for the chancellor after discussion with the prime minister and agreement on public spending totals in the cabinet's EDX committee, which starts work in earnest next week.

This year it will be at least as much a matter for Mr Richard Ryder, the chief whip, who will have to estimate how much indigestion the right can be made to stomach.

In spite of the problems Mr Major is not entirely a prisoner of events. For example, the Queen's speech is likely to concentrate on issues designed to rally the party, such as removing regulatory burdens from industry.

The prime minister is also giving discreet support to a centre-left slate of candidates for the chairmanships of the party's influential backbench committees. The right overreached itself in winning the majority of chairmanships last year, but a failure by the centre-left to dislodge most of the sitting rightwingers would look like a government setback.

Mr Major has other personnel problems too: what to do about Mr John Patten, the education secretary, and Mr Michael Heseltine, the trade and industry secretary.

Mr Patten's return after illness has stifled immediate talk of a reshuffle, but it is still not clear whether Mr Heseltine has fully recovered from a heart attack in June.

Mr Heseltine is expected to return to the fray at the party conference next month. But if he is less than fully fit Mr Major may be forced to move him, perhaps to replace Sir Norman Fowler, the low-key party chairman.

However he chooses to approach the choppy waters ahead, Mr Major knows that his main problem is to demonstrate that he has a firm hand on the tiller. That is not yet beyond him, but the thought may have spoilt his holiday.

Patten in partial retreat on truancy

By John Authers

MR JOHN PATTEN, the education secretary, yesterday withdrew plans to publish school-by-school league tables of truancy rates in primary schools.

He provoked opposition from teachers' unions by confirming, however, that truancy league tables for secondary schools will be published in November. Data at primary school level will be made available for each local education authority.

The secondary-school tables will show the percentage of pupils missing one or more sessions – a morning or an afternoon – without authorisation, while tables comparing local education authorities will include figures on the percentage of pupils absent at least once without permission, and the total number of sessions missed. All state and independent schools that accept day pupils must submit the information to the Department for Education.

Mr David Hart, general secretary of the National Association of Head Teachers, said: "What the government now needs to do is to apply the logic of this decision in the primary sector to secondary schools and thereby complete the U-turn it has half performed."

Ofgas clarifies stance on profits

By David Lascelles, Resources Editor

OFGAS, THE gas industry regulator, has no intention of dictating to British Gas how to deploy its profits, Sir James McKinnon, the director-general, said yesterday.

But he stressed that the company would not be allowed to raise prices for UK domestic consumers to make good losses incurred in overseas expansion. "That's a non-starter," he said.

Sir James issued a statement after a report in yesterday's FT that Ofgas was keen to "ring fence" British Gas's £1.2bn domestic profits to protect them from costs associated with high-risk overseas projects.

Mr Greg McGregor, the director of competition and tariffs, indicated that draft proposals were being presented to the company. The proposals would be part of the restructuring which British Gas is expected to undergo following last month's Monopolies and Mergers Commission report recommending a break-up of the company.

Sir James said Ofgas's stance would not prevent the company deploying domestic profits to finance foreign activities if it wanted to.

British Gas said the MMC report had found no evidence that it had underinvested in the UK or that the gas supply business had been adversely affected by the growth of its overseas interests.

Hunt may address TUC next year

By David Goodhart, Labour Editor

MR DAVID HUNT, the employment secretary, is likely to break with political tradition and address the Trades Union Congress – but not until next year, according to senior TUC officials.

Mr Hunt, who has gone out of his way to make conciliatory gestures to the unions, informally sounded out the TUC about addressing this year's congress, which starts on Monday.

Officials said that his advance was politely rejected but they also made clear that an invitation for next year was probable.

Mr John Monks, who takes over as the new general-secretary of the TUC next week, is very keen to distance the union movement from the Labour party and turn the TUC into a more apolitical organisation.

Mr Monks himself would probably have favoured a *signal-setting invitation to the* minister this year but several senior trade union leaders would have been less keen.

One TUC official said: "It is a bit premature this year, especially given that the minister has just steered through an employment law abolishing wages councils."

But many union leaders are impressed by Mr Hunt's record of working with unions in his three years as Welsh secretary and believe he is sincere about wanting regular contact.

Invalidity benefit squeeze nears

By David Owen

THE GOVERNMENT yesterday appeared closer to a decision to tighten doctors' guidelines on whether patients should receive invalidity benefit.

Mr Alistair Burt, social security minister, said the first of a series of government-commissioned surveys on the subject confirmed anecdotal evidence that doctors were "finding it difficult to adhere to the criteria". The survey said doctors were including some people that they should not, he added.

Invalidity benefit is one of the areas earmarked for possible savings in the government's long-term review of social security spending.

Ministers have argued for scrutiny of the area partly because invalidity payments are one of the fastest-growing benefits at a time when the nation's health has been improving.

In the past 10 years the number of people receiving the benefit has risen from 700,000 to 1.5m. Expenditure has more than doubled in real terms over the same period to £6bn a year and is likely to reach £8bn by 1995-96.

All five commissioned studies of the benefit are expected to be completed in the next two months, paving the way for a final decision around the time of the November Budget.

The government may also decide in November to impose tax on the benefit. Mr Burt said yesterday: "There is no secret it has always been intended to tax invalidity benefit. It is a matter for the chancellor at what stage he brings it into tax."

Mr Donald Dewar, shadow social security secretary, accused the government of a ploy to "soften the public up for an autumn hatchet job on benefits to the most vulnerable".

The benefit – which is higher than unemployment benefit – is typically paid to men in their 50s who have lost their jobs and are seen by social security officials as unfit for work.

BUSINESSES FOR SALE

BANK OF ATHENS S.A.

ANNOUNCEMENT OF A REPEAT PUBLIC INVITATION TO BID FOR THE PURCHASE OF THE ASSETS OF THE COMPANY NAMED "ATHENS PIPE WORKS S.A."

The Bank of Athens as a special liquidator for the Company named "ATHENS PIPE WORKS S.A." which has been placed under a special liquidation procedure provided for in Article 46a of Law 1892/90 by virtue of Decision No 3867/92 of the Athens Court of Appeal, as the judgment section of that decision was construed by Decision No 592/93 rendered by the same Court

announces

a Repeat Public Invitation to Bid on the basis of sealed binding bids for the sale, as a whole, of the assets of the Company named "ATHENS PIPE WORKS S.A." (hereinafter called "the Company"), as specified in the Bidding Memorandum.

BRIEF DESCRIPTION

The Company was founded in 1960 with a registered office located in Athens (Office Address: 260, Piraeus Street) and up to 1992, when the Company was placed under a state of special liquidation, the scope of its activities/business was as follows:

1. The production of Steel Pipes
- Longitudinally welded steel pipes (1/2" - 10 3/4") for water supply, mechanical structures line pipe casing and tubing (with API monogram), water pumping (ASTM) etc.
- SPIRAL weld seam pipes (6 1/4" - 80") and
- Steel quick coupling pipes (diameter 70 - 150).
2. The production of steel enamelled bathtubs and
3. the production of steel heating radiators.

Its factory, which is located at GLYFA, DROSSIA, CHALKIDA is 432.7 stremmas (1 stremma + 1,000 square metres) in area and its enclosed space consists of five (5) independent large buildings and four (4) smaller ones and is 74,800 square metres in area.

The installed power of the mechanical engineering equipment is 30,000 KW and the total production capacity of the factory is estimated, depending on the pipes specifications, at 100,000 - 150,000 tonnes per annum.

Further, the Company owns a property located in Nea Efkarpia, Thessaloniki (49, Langada Street), the site of which is 17.2 stremmas in area and the enclosed space is suitable for use as a warehouse (5,143 square metres in area).

BIDDING MEMORANDUM

Every party concerned will be entitled to receive a detailed Bidding Memorandum and any other information concerning the Company's assets being under sale upon submission of a confidentiality promise in writing.

TERMS OF ANNOUNCEMENT

1. Preamble: The Public Bidding Procedure will be carried out according to the provisions of Article 46a of Law 1892/90, according to the terms of this announcement and according to the terms which are included in the Bidding Memorandum, no matter whether they are repeated or not in this announcement. The submission of a binding bid shall mean the unreserved acceptance of al these terms.

2. Binding bids: For the participation in the bidding procedure the parties concerned will be summoned to submit a sealed written binding bid until Tuesday, 28th of September 1993, 12.00 hours to Georgia Fiamengou, Notary Public for and in Athens of 31, Char. Trikoupi Street, 4th floor, tel. No 3609476.

The price being offered must be explicitly stated within the bids and such price must be a flat price for the Company's assets being sold and the terms of payment must also be mentioned in detail (for cash or on credit, making reference to the number of instalments, the time of their payment and the interest rate being proposed).

Bids submitted out of time will not be accepted and will not be taken into account. Furthermore, bid clarifications, modifications, additions or improvements will not be accepted or taken under consideration after the unsealing unless there is a written request of the liquidator or the creditors representing more than 51% of the claims against the Company. The commitment pertaining to the bids shall be valid up to the assignment and the execution (signing) of the contract provided for in paragraph 7 of Article 46a of Law 1892/90.

3. Letter of Guarantee: Every bid will be accompanied by a Letter of Guarantee issued by a Bank lawfully operating in Greece of a three (3) - month term at least for which an extension shall be possible up to the assignment, for an amount of three hundred (300) million drachmas. A model of the letter of guarantee is contained in the Bidding Memorandum. Bids without a letter of guarantee shall not be taken into account. In the event of breach of the terms of the bidding procedure by a participant who will be regarded as highest bidder the amount of the letter of guarantee will be forfeited in favour of the liquidator as a penalty and payment of damages to him/it.

4. Way of submission: The bids along with the letters of guarantee will be submitted within a sealed opaque envelope. The submission of the bids will be made in person or by a lawfully authorized person.

5. The unsealing of the bids will be made by the Notary Public in her office on Tuesday, 28th of September 1993 at 13.00 hours. Those who have submitted a timely binding bid will be entitled to be present upon the unsealing of the bids and sign the unsealing report to be drawn up.

6. Highest bidder: The person/party whose bid will be judged by the creditors representing more than 51% of the claims against the Company (hereinafter called "the Creditors") at their absolute discretion, upon proposal submitted by the liquidator, as the most beneficial for the Company's creditors will be regarded as the highest bidder. It is noted that in the event that a deferred payment of the prices is offered, the current value shall be taken into account for the evaluation of the bids, which will be calculated at an interest rate of 22% per annum compounded annually.

7. The liquidator will advise the highest bidder in writing to come obligatorily at a place and time which will be determined in the notice for the execution (signing) of the appropriate contract for the transfer of the assets on the basis of the terms of his/its bids and the other better terms, if any, to be recommended/indicated by the creditors and agreed upon with the highest bidder.

The assignment shall occur upon the execution (signing) of the relevant contract for the transfer.

In the event that the person/party being regarded as the highest bidder breaks his/its promise to come and sign the contract for the transfer of the assets as well as to comply with his/its obligations resulting from this announcement and the terms of the bidding procedure, then the guarantee given shall be forfeited in favour of liquidator Bank of Athens for the purpose of the defrayal of the expenses of any nature and its work as well as for the purpose of covering any actual loss or loss of earnings, without the liquidator having any obligation to give any particular proof in regard to them. Further, liquidator Bank of Athens will have the subsidiary right to consider that the letter of guarantee amount has been forfeited in its favour as a penalty and ask for its collection from the guaranteeing Bank.

8. All the expenses and costs of any nature for the participation in the bidding procedure and the transfer of the assets shall be exclusively borne by the parties concerned/buyers and the highest bidder, as the case may be. It is noted that in regard to this transfer the exemptions and limitations/restrictions referred to in paragraph 13 of Article 46 a of Law 1892/90 shall apply, and the V.A.T., if any, on the items of movable property shall be borne by the buyer.

9. The liquidator and the creditors shall not have any liability or obligation towards the parties participating in the bidding procedure in regard to the evaluation of the bids, the appointment of the highest bidder, the decision concerning the repetition or cancellation of the bidding procedure and generally for any other decision relative to the bidding procedure. Further, the liquidator, the creditors and the Notary Public shall not be responsible in regard to any physical or legal defects of the items of property being sold. The submission of the binding bids shall not grant any right to assignment. Generally, the parties participating in the bidding procedure shall not acquire any right or claim in regard to this announcement and their participation in the bidding procedure against the liquidator or the creditors for any reason whatsoever.

10. This announcement has been drawn up in Greek and in English (translation) in any event, however, the Greek text shall prevail.

11. For the receipt of the Bidding Memorandum and any additional information the parties concerned may address themselves to Mr Dem. Vainalis, the liquidator's representative, in the Company's offices, 260, Piraeus Street, tel. Nos 4820828 - 4811375, fax No 4810171.

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THE BANK OF ATHENS

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Slow-motion economics

WORLD ECONOMIC recovery looks like being painfully slow. Ironically, the upturn is being hampered by a legacy that derives in equal measure from opposite sides of old ideological divides. The high tide of interventionism and welfarism may have ebbed, but the public deficits remain to inhibit fiscal policy, regardless of the political stripe of incumbent governments. At the same time, an accumulation of private debt prompted by financial liberalisation has severely limited the usefulness of monetary policy in putting the economic show back on the road. The result is that economic recovery looks like being an unduly protracted affair. Is there anything that governments can do to reassert control over the business cycle?

Undoubtedly there is: but if the industrialised countries are to accelerate the growth process, they will have to learn some new tricks. For another striking feature of the world economy at present is that many of the traditional escape routes from recession are blocked.

The weakness of the US external account means that the world's largest economy will not embark on another experiment in global Keynesianism of the kind initiated by President Reagan in the 1980s. The Germans, who traditionally rely on an upturn in exports to pull themselves out of recovery, suffer from an unaccustomed lack of competitiveness, which will prevent them enjoying an adequate external boost. Domestic demand is constrained by the Bundesbank's tight monetary policy, while the federal government is being forced to confront the fiscal laxity that followed German unification.

Joyless time

Japan has some room for fiscal manoeuvre and modest scope for further monetary loosening. But there are doubts about how far a new and wobbly coalition government will be willing or able to go. With the world's big three economies thus constrained, the other participants at the party are condemned to a fairly joyless time – especially if they impose on themselves excessive real rates of interest, as the French persist in doing. The few bright spots are to be found mainly among the devaluationists like Britain, Italy and Spain; and even their pleasure will be severely diminished if the French response to the collapse of the Exchange Rate Mechanism involves throwing an eleventh-hour spanner into the works of the Uruguay trade round.

Against that background, governments have rightly perceived that the way to re-establish control over domestic demand is to combine fiscal retrenchment with reforms to the supply side of the economy. Yet this is easier said than done. The verdict on President Clinton's budgetary package must await the full details of his healthcare reforms; but his much-trumpeted, narrowly-won deal with Congress was notably soft in tackling the structural element of the deficit. Similarly in the UK the jury will have to wait until November, when an untried Chancellor will unveil the first budget in which revenue and expenditure proposals are combined.

Productivity advantage

The more interesting experiments are being carried out in the two miracle economies of the post-war world, Germany and Japan, where a consensual approach to economic management has been combined with heavy handed regulation that has favoured the interests of producers over consumers. This week Mr Günter Rexrodt, the German economics minister, shocked people with a government discussion paper which suggested that Germans, were overpaid, over-regulated, and over-subsidised.

In effect he was acknowledging that in a world without capital controls the comparative productivity advantage of Germany and other developed countries is being rapidly eroded and that a structural loss of employment to the developing world calls for some hard thinking about federal, state and local government benefits and subsidies that now exceed 50 per cent of GDP.

For its part, the new seven-party coalition in Japan has announced a list of 60 deregulatory measures designed to loosen up the notoriously inefficient distribution system and reduce the prices of many goods to the consumer.

In economies that traditionally move by consensus, these are big changes. Paradoxically Japan, which is usually regarded as the most rigid of the G7 countries in matters economic, may be better placed than Germany to change gear. Even if the present coalition collapses, a generational change is firmly under way in the Liberal Democratic Party. Taken together with the attempt to reform corrupt money politics, it could imply that the country is close to one of those turning points in its history when the formation of a new consensus leads to very rapid political and economic change.

The impact of rapid economic growth in Asia will be painful for the older industries of the developed world. But in the long run trade remains a positive sum game in which all will ultimately benefit from the dynamism of these new entrants to the market system.

News Corporation's media network

Publishing

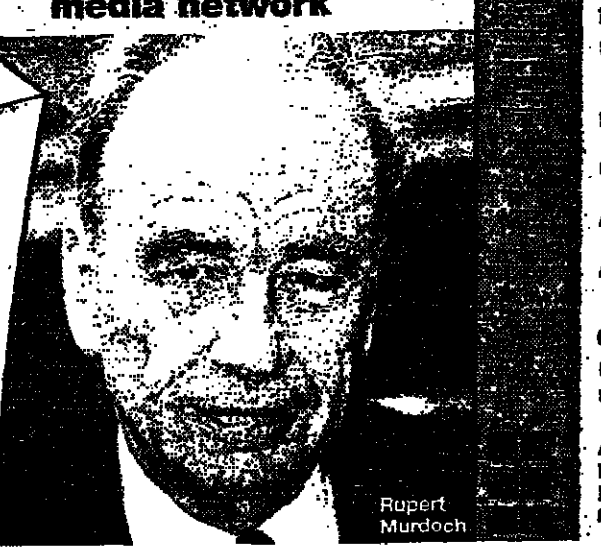
US: Newspapers
New York Post, Boston Herald
Magazines
Mirabella, TV Guide, FSI Division
Books
HarperCollins Publishers, including HarperCollins Perennial & Zondervan

UK: Newspapers
The Times, The Sunday Times, The Sun, News of the World, Today
Magazines
Times supplements, Shoppers Friend
Books
HarperCollins Publishers, including Fontana Grafton, Thorsons & Tolkien

Australia and Pacific Basin:
Newspapers
The Australian (national), 108 local/state newspapers
Magazines
7 including New Idea, TV Week, Australian Post
Books
HarperCollins Publishers

Hong Kong:
Newspapers
50% of South China Morning Post, Sunday Morning Post, Wah Kiu Yat Po

Fiji, Papua New Guinea and Hungary:
Newspapers
The Fiji Times, The Post Courier, and 50% of 3 Hungarian newspapers



Rupert Murdoch

Broadcasting

US: Television
Twentieth Century Fox, Fox Broadcasting Company & 8 Fox affiliated stations

Latin America: Television
Fox is launching cable TV from Mexico to Argentina

UK: Television
50% of BSkyB

Australia: Television
15% of Seven Network

Asia and the east: Television
63.6% of HutchVision, Star TV

Other Interests

US: Etak, News Electronic Data

UK: Sky Radio (71%), Broadsystem Ltd, Convoys Group, News Datacom, News International Exhibitions, The Times Network Systems

Australia and Pacific Basin: 45% in each of 14 commercial printing firms, between 26% and 50% interest in Ansett Transport Industries, Australian Newsprint Mills, Computer Power, Eastwest Airlines, Festival Records, F.S. Falkner & Sons, Independent Newspapers, Lanray Industries

Rupert Murdoch's reach is global, says **Raymond Snoddy**, prompting criticism of a concentration of broadcasting power

Media mogul with the mostest

The older he gets, the faster he seems to move and the more radical and global his business vision becomes. At 62, Rupert Murdoch is, depending on who you believe, entering the sinister endgame of a plot to dominate the media world with his evil empire, leaping over outdated regulatory barriers and offering unrivalled choice to consumers everywhere, or finally succumbing to the archetypal media mogul's disease – megalomania.

Even by Murdoch's standards, this has been an extraordinary week. Apart from the theatricals of the launch of Sky Television's new subscription package, which by next year will include 20 channels, he pulled the following rabbits out of his hat: a 24-hour cable channel in the US; a second Sky Sports channel in the UK; a link with BT to investigate the "super" communication highways of the future; and tie-ups with two other significant media players – Mr Emilio Azcárra Milmo, of the Televisa empire in Mexico, and Mr Leo Kirch in Germany, who owns extensive rights to show Hollywood films there.

In addition, there was a venture with National Transcommunications of the UK, and Comstream of the US, to produce a digital satellite system which could lead the way to hundreds of television channels in both Europe and Asia; the $12m purchase of Delphi, a Boston-based company, looking at electronic newspapers, a deal seen by Murdoch as an investment in research and development; and, in the real newspaper world, the decision to cut the price of his flagship UK daily, The Times, from 45p to 30p.

Just as the flurry of activity seemed to be dying down and Murdoch left London to head home to Los Angeles for his daughter's wedding next week, another big development was under way in Hong Kong yesterday.

The chairman of News Corporation was negotiating the sale of a majority stake in the Hong Kong daily he controls, The South China Morning Post. Murdoch was clearly increasingly nervous about the difficulties of running a daily newspaper once Hong Kong reverted to China's control in 1997 and was happy to take his profits. The long-planned sale was delayed by negotiations to get into the Hong Kong television market – talks which led to the $525m purchase in July of a majority stake in Star TV, the Hong Kong-based satellite television company which broadcasts five channels to 38 Asian countries.

For Murdoch, Star TV is obviously the "big one". He can scarcely restrain his enthusiasm about the potential of the Asian market, although he is also keenly aware of the risks he has taken on.

"It's a global dream that you never quite dared have, and suddenly its there," he said in an interview before announcing the "new age" of satellite TV in the UK.

"India is a hugh market. I see Star being split into at least two companies – one for India and one for China. They are totally different cultures." He added that eventually he foresaw a separate Star service for the 200m people of Indonesia. In countries such as China the hope would be to run several joint channels with local broadcasters.

The global gleam in Murdoch's eye is that soon he will own channels that circle the globe.

"We will now take Sky Sports around the world. We will take Sky News around the world. There will be a parallel international service and Sky News as we know it today will be for Britain and Europe," he said, adding that he planned to work with local partners for the international service in different parts of the world.

Such a sweeping vision makes it inevitable that Murdoch will challenge both the BBC World Service Television – although the BBC's 10-year contract to be carried on the Star system will be honoured – and, more particularly, Mr Ted Turner's Cable News Network.

"I don't want to say any more about that (Sky News) because it looks as if I've got a war with Ted Turner which is what it means. He has said all along 'I know where my competition is coming from; it's Rupert'," Murdoch said.

The risks in Asia are great. Problems range from the difficulty of producing satellite dishes cheap enough for Asia's mass market, to allegations of cultural imperialism, and the difficulty of persuading the Chinese authorities to allow direct satellite broadcasts rather than waiting for cable networks to be built. Cable would give the authorities more control over what is viewed. If, for any political reason, Star was no longer welcome in Hong Kong, Murdoch believes it could be broadcast from Los Angeles – "certainly Australia".

Because of this uncertainties, News Corporation has financed the Star deal through equity rather than debt. Murdoch has become more wary of taking on debt since News Corporation came within hours of collapsing three years ago. The company's borrowings had ballooned to more than $7bn following a series of acquisitions, including TV Guide in the US.

The origins of this long march into Asia and his growing ambitions lie in London, and the creation of a satellite system broadcasting to more than 3m homes in just over four years.

"There is no question we have shown here (the UK) that first in gets the market," Murdoch said. Sky Television was first into the UK satellite market, followed limply by British Satellite Broadcasting. By the time the two merged into BSkyB in November 1990, Sky was in the driving seat. (Pearson, publisher of the Financial Times, has a significant stake in BSkyB and News Corporation owns half.)

The satellite company is now trying to learn another important lesson: how to create what is virtually a subscription-only service and persuade people to pay for at least one channel, Sky One, that until now has been "free".

Rather surprisingly, the plan to sugar the pill with an array of new channels, most from the US – covering everything from country music, family entertainment, women's features, to children's programmes, a shopping and a documentaries channel – seems on track.

The growing financial muscle that should flow from BSkyB's subscription revenues, combined with News Corporation's ownership of five national newspapers in the UK, from The Times to the News of the World, is leading to more intensive calls for government action to combat Murdoch's media hegemony.

Under the headline "Sky Trek: The Next Degeneration", Labour's shadow national heritage secretary, Ms Ann Clwyd, issued a statement this week, arguing that the "unregulated growth of Mr Murdoch's empire is an affront to a democratic society". She called for an urgent Monopolies and Mergers Commission investigation. Yesterday, Labour formally called on the Office of Fair Trading, the consumer watchdog, to intervene.

Part of News Corporation's growing power lies in the technology it has developed for subscription television. Almost all the channels in the Sky Multi-Channel package are "scrambled" so that only those who pay can view. The channels are "unlocked" by a "smart card" like a telephone card. The system is called VideoCrypt. Murdoch plans to take VideoCrypt to Germany in a joint venture with the German broadcaster Pro-7, which is associated with the Kirch organisation.

"It looks as if we will get VideoCrypt as the standard," Murdoch said, adding he intended to expand into Germany, where there are already 5m dishes, and carry several Sky channels in English.

"We hope it will become a bigger partnership with Kirch – pay-per-view (paying for individual programmes or events) and a movie channel. We will co-operate with anyone who can clear German rights for their programmes," Murdoch said.

The German alliance is coming at a time when Murdoch's proposed partnership wiith Canal Plus, Europe's leading pay television group, is crumbling. "That partnership has fallen apart. We are trying to put it together again but the French are very difficult," he said.

Murdoch is just as interested in the studios of Televisa in Mexico City, which specialises in the production of popular romantic soap operas. Under a joint venture with Fox Broadcasting, Murdoch's US network, more than 500 hours a year will be produced of soaps and events. The first event will be a search for the best young opera singer in the world.

The multilingual soaps will break new ground in production economies. There will be a chief executive, a single script and single set, but two directors. The Spanish-speaking director will work the first eight-hour shift with Spanish-speaking actors. In the next eight-hour shift, the same episode will be produced, using American actors.

"This will get out costs down and provide prime-time broadcasting for our new channel in America," said Murdoch, who hopes to sell them around the world.

"We can now go to Procter & Gamble and say: 'Do you want to sponsor this soap opera around the whole world'?" said Murdoch.

He has got to such a commanding position for two principal reasons. He has assiduously monitored new technology – always a few paces behind the visionaries but a step or two ahead of most corporate giants. He has been prepared to follow hunches in creating markets rather than waiting for others.

But Murdoch is still restless, looking to see where technology is going next. This characteristic is highlighted by the joint venture with BT and the purchase of Delphi. With BT, the trick will be to combine, on an experimental basis, satellite, cellular and ordinary telephones to provide information and entertainment direct to 500 homes.

With Delphi, the prospect will be of an interactive electronic newspaper where subscribers can call up stories, say from The Times on small portable screens.

But that will not be the end of the story. On Wednesday night, at a Whitehall banquet to mark the launch of the new Sky package, Murdoch interviewed by satellite Arthur C Clarke, the man who first set out the concept of satellite television more than 50 years ago.

In the conversation, Clarke referred to a device, perhaps like a watch, that would give instant voice and visual contact with anywhere in the world or call up information from anywhere in the world.

Murdoch, who claimed this week that technology was undermining the traditional power of the media mogul, was all ears.

MEN IN THE NEWS: Arafat and Rabin

The Middle East's odd couple

Julian Ozanne and **Andrew Gowers** on hands of friendship across the desert

Cairo, January 1994. A small, pudgy Arab in well-pressed khaki fatigues strides up the steps of the palace, salutes the presidential guard and stands before an unsmiling Israeli with white, dishevelled hair. Hesitantly, the two elderly men shake hands and look each other in the eye. Peace is declared in a conflict that has shaken the Middle East since well before the Jewish state was founded in 1948.

A summit meeting between Yassir Arafat, chairman of the Palestine Liberation Organisation, and Yitzhak Rabin, prime minister of Israel – lifetime enemies who still cordially detest one another – is, of course, still a fantasy.

But it is a measure of the current momentous events that it no longer seems unthinkable. A week ago, hardly anyone would have expected to see the Israeli government negotiating with the PLO, or hear both sides hailing unprecedented draft peace accords allowing for mutual recognition and for Palestinian self-rule in parts of the Israeli-occupied West Bank and Gaza Strip.

Now it seems only a matter of

It may not be too long before Yassir Arafat rides triumphantly through sleepy Jericho

days before agreements of this kind emerge – possibly triggering a sharp acceleration of the Middle East peace process, and the signing of similar accords between Israel and all its Arab neighbours. Provided that nothing bloody or unforeseen occurs in this most unpredictable of regions, it may not be too long before the world watches a sight that few expected to see: Yassir Arafat staging a triumphal ride through the sleepy Jordan valley town of Jericho.

That such events have moved from fiction to possible fact is, in significant part, due to Rabin and Arafat.

Although the draft accords – due to be voted on by the PLO's central council in Tunis and the Israeli Knesset in Jerusalem next week – were negotiated for Israel by foreign minister and Labour party rival Shimon Peres, it is Rabin's political imprimatur, and the trust in which he is held as a guarantor of Israeli security, that has won them popular support in Israel.

On the Palestinian side, the accords are almost exclusively of Arafat's making: a desperate last throw by a weakened leader to secure a part of Palestine before all is lost. Whether he can make the agreements stick, or how they will work in practice, must remain open questions. But there is no doubt that he has staked his political life – and maybe his physical life as well – on making them do so.

What makes this week's events vibrate with significance is the fact that the principal personalities have featured on opposite sides of the Middle East's most traumatic political divide for so long.

The life story of Rabin, a gravel-voiced, chain-smoking 71-year-old, reads almost like a history of the state of Israel: a commander with the Palmach guerrillas during the 1948 war of independence (in which Arafat claims to have fought onm the Arab side), he has served as prime minister twice; first time round in 1974 he was the first native-born Israeli to occupy the job. He was chief of army staff during the 1967 Six Day War, Israel's most stunning military success, and ambassador to Washington during the early 1970s as Israel fought the Arabs again and forged its strategic partnership with the US.

Now, having conquered the West Bank, Gaza and Golan Heights 26 years ago, he may find himself able to hand parts of them back.

To many Israelis, Rabin personifies the mixture of toughness and plain-dealing they like to see in themselves. It has long been the soldier-turned-politician's view that peace with the Arabs is necessary, but that it should never be granted at the expense of Israel's security. As defence minister in the 1980s he was behind the bombing of PLO headquarters in Tunis, the assassination of Arafat's number two, Khalil-al Wazir, and the policy of "might, force and beatings" adopted to suppress the Palestinian uprising in the occupied territories.

And it was as strong man prepared to negotiate from strength that he was elected last year to a second term as premier after a bruising leadership battle with Peres. Since then he has shown no let-up, deporting 400 Islamic fundamentalists, sealing off the territories after a wave of stabbings and launching a devastating bombardment against Lebanese civilians in retaliation for guerrilla attacks against Israel.

Yet such actions have consistently been combined with calls for a negotiated peace with Arabs. Ever since his troops stormed through the West Bank in 1967, he has known that Israel could not rule over their Palestinian inhabitants for ever and remain a predominantly Jewish democracy. He has frequently pointed to the dangers of weapons proliferation and increasing Islamic extremism in the Arab world as arguments for Israel to exploit every opportunity to make a deal – on its own terms.

That such an opportunity has now presented itself is largely thanks to the PLO's Arafat, a man whose stubbly face and chequered keffiyeh have been synonymous with the Palestinian struggle for more than 25 years. It was he who decided, after 22 months of fruitless on-off negotiations between Israel and a Palestinian delegation in Washington, to propose that Israel withdraw its forces first from Gaza, a squalid sliver of land on the Mediterranean where Arafat's parents were born, and from an area round Jericho in the West Bank. Palestinians there would be granted self-rule – initially under PLO authority – as part of a phased, interim programme for autonomy in the occupied territories. Their final status would be settled later.

From Israel's point of view the deal is a dream: it leaves Jewish settlements in the territories intact, preserves full Israeli control over its security and borders, does not broach the thorny subject of Jerusalem (claimed by Israel as its "eternal, indivisible capital"), and does not concede a Palestinian state. Instead it allows the two sides five years to discover whether they can cohabit in something resembling harmony before further steps have to be taken.

For the Palestinians, the fruits are more bittersweet. They have refused countless better offers, stretching right back to the 1920s. On every occasion they could advance good arguments for holding out for more. The danger, as they discovered through hard experience, was that – like Bosnia's Moslems – they would get nothing.

The hyperactive, obsessive Arafat has long been conscious of the need to compromise. He confides to friends that he is haunted by the spectre of failed Palestinian leaders in the past – men, as he puts it, who "were always right and ended up with nothing". Since 1974, he has urged his fractious cohorts to adopt more flexible approaches to their struggle for statehood, culminating in 1988 in the PLO's decision to recognise Israel and accept the partition that the Palestinians refused in the 1940s. Now he appears to be going further, accepting arrangements for autonomy he had previously likened scornfully to South Africa's Bantustans.

Several factors have conspired to galvanise the PLO leader into his desperate last throw. First, he is all too conscious of the weakness of his organisation in faraway Tunis: bereft of money and powerful friends after his disastrous alignment with Saddam Hussein in the Gulf war, and riven by internal dissension. Second, he was deeply worried by the advance of Islamic militancy – represented by the fundamentalist group Hamas – in the occupied territories. Third, he may well have been rattled by the apparent emergence of an alternative Palestinian leadership there in the person of his long-time comrade Feisal al-Husseini. If there is one thing that Arafat has single-mindedly striven to preserve in his 24 years as PLO chairman, it is his own position in the limelight as representative of the Palestinian cause.

Thus it is that the guerrilla leader of old is preparing to return and take direct responsibility for the Palestinians under occupation, and that Israel and the PLO find themselves – like F W de Klerk and Nelson Mandela in South Africa – in the bizarre position of contemplating joining forces against the extremists.

Even assuming he can force the mutual recognition and autonomy deals through his organisation's

Rabin personifies the toughness and plain-dealing Israelis like to see in themselves

inner councils in the next few days, he faces a challenge keeping violent opponents within the territories in check. In Gaza at least, where militants are particularly strong, something not far short of a Palestinian civil war may be in prospect.

Arafat's hope must be that his return as figurehead of Palestinian nationalism – coupled with the deployment of large amounts of international aid money – will give such a strong boost to Palestinian morale that the Islamic or other radicals will melt away. The alternative – that his deal with the Israelis has come too late, and that the territories are now beyond redemption through economic development or autocratic rule – is too awful to contemplate.

Few prizes from the politicians

Robert Peston questions former ministers' value to business

The Labour party this week made its ritualised complaints when Mr Norman Lamont, former Chancellor of the Exchequer, joined merchant bank N M Rothschild, following the well-trodden path taken by former ministers to the private sector.

Mr Gordon Brown, shadow chancellor, wants former ministers banned from private sector jobs for at least two years after leaving office. The implication is that companies derive an unfair benefit from the expertise and contacts of former ministers.

However, hard evidence that former ministers boost profits of the companies they join is patchy, prompting one headhunter to remark, only half in jest: "If Labour remained committed to the overthrow of capitalism, it should be encouraging companies to employ ex-politicians."

Another headhunter, Mr Nicholas Cobbold, of Knight Wendling, concurs: "I can hardly remember a politician making a success of business. . . I can't tell you how many of them ring me up for help [in getting jobs]."

Sir Evelyn de Rothschild, who controls the bank Mr Lamont is joining, says the benefits the former chancellor brings include his knowledge of interest rate movements.

But those comments did not assuage the fears of one Rothschild executive worried about Mr Lamont's less than impeccable record in office, not helped by disclosures last year about the way he managed his personal financial affairs.

Nonetheless, so many ex-ministers have been taken on by companies and City firms, that some must be of value to their new employers. Many of those who succeed seem to do so in large part despite – rather than because of – their ministerial experience.

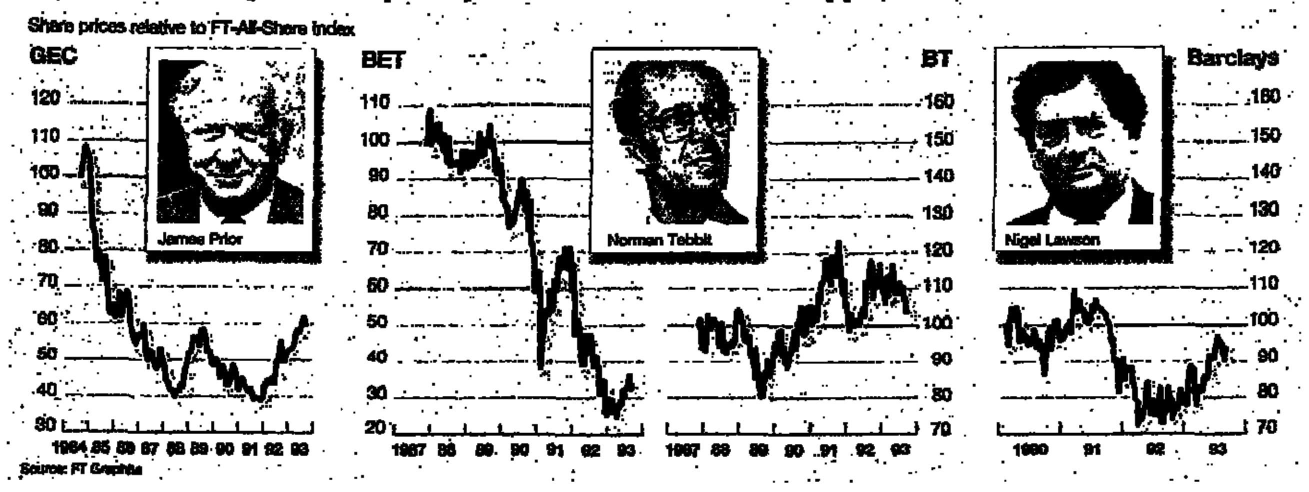
Mr Michael Marks, chief executive Smith New Court, the securities house, says that Lord Walker, who served in the 1980's as secretary of state for energy and later for Wales, has been a tremendous help to his firm as a non-executive director.

But he says it is Lord Walker's business expertise, not his government experience, which has been most valuable. "He started Slater Walker [and left that banking group before it collapsed in 1974]," says Mr Marks. "He knows how to make a profit."

Lord Walker showed his commercial acumen when he had a last minute change of heart in mid 1991 about becoming chairman of Maxwell Communications Corporation, only month's before MCC's founder Mr Robert Maxwell died and his business empire collapsed.

Lord Young, who as chairman of Cable & Wireless, the telecommunications group, has more executive responsibilities

Jobs for the boys: share price performance since their appointments were announced



than most other politicians-turned-businessmen, says the four years he spent as employment secretary and then as trade and industry secretary taught him nothing about how to run a company. He regards his period in office as a brief interlude in his long-running business career – he used to be a property developer.

Mr Dick Taverne, one of a handful of former Labour ministers to have picked up directorships (for the past 18 years he has been a director of industrial group BOC and of insurer Equity & Law) says ministerial experience is not in the least bit relevant to taking an executive post: "Ministers do not run their departments," he says. "Their permanent secretaries do that."

Politicians who cross over into commerce fall into two broad groups: those like Lord Tebbit, Sir Norman Fowler (who resigned this week as a director of security company Group 4) and Lord Walker who have each accumulated a hatful of non-executive directorships and a small group, including Sir John Nott and Lords Young, Younger and Prior who take on greater responsibilities as chairmen of big companies.

The main role of any non-executive director is to monitor the performance of executives on behalf of shareholders. Mr Taverne says: "Politicians can be good monitors, but the best monitors are more likely to be former merchant bankers, or management consultants."

On the other hand, non-executives can sometimes be poor overseers, no matter what their background. The non-executive directors of Barclays, who include Lord Lawson, the former Chancellor, and also some of the UK's most powerful businessmen, such as Sir Denys Henderson, the ICI chairman, have been widely criticised for the clumsy way in which they managed the process of finding a replacement for Barclays' former chairman, Sir John Quinton, over the past year.

Ministerial experience may, however, be appropriate training for chairmen. Lord Younger, former defence secretary and now chairman of Royal Bank of Scotland, has "a remarkable ability to defuse difficult situations", according to Dr George Mathewson, RBS's chief executive.

What the Labour Party gets exercised about is the notion that former ministers exploit their political friendships to win valuable state business. There is evidence that companies with international interests can benefit from a former minister's contacts.

Lord Prior has been helpful to GEC, where he is chairman, in opening doors outside the UK. "In certain parts of the world he is very useful," says a GEC adviser.

"When I go to Egypt and Pakistan, they [the officials and ministers] know me from my time in government", Lord Young says. "It is helpful if you are dealing with issues such as getting an overseas licence."

He says that Mr Francis Maude, former financial secretary, is the best example of a politician profiting from his ability to deal directly with senior foreign politicians. Mr Maude is paid an estimated £500,000 a year to head up the team at US investment bank Morgan Stanley working on international privatisations.

Lord Young is adamant, however, that there is nothing sinister about using business contacts in that way. "It is quite legitimate", he says.

Closer to home, Smith New Court has won Welsh clients as a result of the connections Lord Walker made as Welsh Secretary.

The Labour party is most outraged when former ministers join the boards of companies they may have regulated or privatised as ministers (examples include Lord Walker at British Gas, Lord Tebbit at British Telecom, and Lord Young at Cable & Wireless).

But a company's relationship with UK officials and ministers can be strained by having a former minister as a director. Lord Young says: "Civil servants get very nervous when an ex-minister comes in." He says they are so keen not to show favour to a former minister that they may discriminate against him and his company.

Lazard Brothers, the UK merchant bank, was acutely aware of this danger when Sir John Nott, the former defence minister, was its chairman, and he rarely tried to exploit his contacts.

Similarly Salomon Brothers insisted that Lord Young, who is a director of the US investment bank, should stay as far away as possible from its attempt to secure a role in the government's sales of BT shares in the spring. The sad truth for shareholders in companies which employ ex ministers is that Labour's conspiracy theories are not watertight.

Are the Tories losing the initiative on law and order, asks John Willman

Crime and punishment

Across Britain, a new spirit of vigilantism is taking root as people despair of the rising tide of crime.

Recent examples include:

- The Norfolk village that united to protest at five-year gaol sentences for two men convicted of kidnapping a 16-year-old wrongly suspected of being behind a local crime wave.
- The gang of vigilantes in Newtown, Powys, calling themselves the "twelve just men", who administered rough justice on local hooligans by inserting a ferret into their trousers.
- Mr Stanley Kalms, chairman of Dixons Group, the UK's largest electrical retailing chain, who said in June that shopkeepers were forced to adopt vigilante tactics to stem the rising tide of property crime.

This week, a Gallup opinion poll in the Daily Telegraph found that three-quarters of those questioned thought that vigilante actions such as these could sometimes be justified.

The reason? Nearly half those questioned had little or no confidence in the police. Only 9 per cent saw justice being done in trial sentencing and 77 per cent thought sentences were too light.

This will make worrying reading for Mr Michael Howard, home secretary since May, as he approaches this year's Conservative party conference. The conference has often been an uncomfortable occasion for Tory home secretaries. The assembled representatives regard a tough line on law and order as one of the party's core values. Many would like to see a return of hanging, some of flogging.

They will want to be reassured that he can reverse the rising tide of crime, which has doubled the number of annual recorded offences in England and Wales from 2.5m in 1979 to 5.6m in 1992.

He will not find it easy. Crimes affecting the everyday life of ordinary people have reached record proportions. Domestic burglaries totalled 708,200 in 1992, thefts of vehicles 587,900 and thefts from vehicles 954,200. There were 902,500 offences of criminal damage, including vandalism, which provides an all-to-visible reminder of rising crime.

The growth has been enormous. Domestic burglary has almost trebled since 1979, thefts from vehicles are up 248 per cent and criminal damage has risen 180 per cent. Growth rates in most crimes have accelerated since 1989.

Some of the rise reflects greater reporting by victims, who increasingly have insurance cover and need a police report to make a claim. But the British Crime Survey – which is based on asking people about their experience of crime – suggests the recorded figures seriously underestimate the crime rate.

Actual crime levels for the offences that can be surveyed by this means may be three times the recorded crime figures. The 1992 survey found that twice as many domestic burglaries were committed as recorded, three times as many thefts from vehicles and seven times as many offences of vandalism.

Metropolitan Police Service

Michael Howard (top) and Tony Blair: both want to be seen as tough on crime

Most crimes go unreported, says the survey, because the victims either regard the offences as trivial or feel that the police would be unable to take any effective action.

On the latter point, the popular wisdom may be right. Though crime rates have risen, clear-up rates have declined. In 1979, over 42 per cent of notifiable offences were cleared up: by 1992, the figure had fallen to 26 per cent.

More than three-quarters of serious offences, such as violence against people and sexual offences, are cleared up. But fewer than one in five domestic burglaries, vehicle crimes and criminal damage offences are solved.

Adding to the government's discomfort over these figures is the fact that some of the biggest rises have been recorded in the Tory heartlands. Gloucestershire, for example, has seen home burglaries rise by 552 per cent since 1979 while car crime is up 489 per cent. Leicestershire, Avon and Somerset, Warwickshire, Lincolnshire and Norfolk are all at the top of the league tables for growth in crime.

This rising tide of crime has been skilfully exploited by Mr Tony Blair, the shadow Home Secretary and one of the most adroit strategists on Labour's front bench. He recognised that previous attempts to capitalise on the government's crime record had failed because Labour was seen as "soft" on criminals. He has therefore placed himself at the forefront of attacks against the government for failing to be tough on crime, wrong-footing Conservatives who see this as their constituency.

Mr Blair has linked this with an older Labour refrain on the importance of tackling the underlying causes of crime, including youth unemployment, absence of training opportunities, poor housing and falling standards of living among the lowest-income households.

This perspective has received unexpected backing from Home Office research published in 1990 that provided evidence of a link between the state of the economy and crime levels. The study showed that levels of crimes against property grow faster when the economy is in recession and more slowly when the economy is growing.

If Mr Howard hopes to reduce the crime level without waiting for the recovery, he will have to find ways of improving the clear-up rate.

"A 1 per cent increase in the clear-up rate would, on average, reduce the number of burglaries by 1.6 per cent," according to Dr David Pyle, an economist at Leicester University.

Certainty of punishment is more important in deterring crime than its severity, says Dr Pyle. However, increasing the severity of punishment by imposing more and longer prison sentences appears to be cheaper than increases in police manpower.

The government has already chosen the more cost-effective route. Prison numbers are again rising following the decision to revoke elements of the 1991 Criminal Justice Act designed to reduce Britain's high prison population. This week's announcements on increasing private sector involvement in Britain's prisons should allow the Prison Service to increase capacity without a leap in its budget. By contrast, police numbers are unlikely to rise. The priority will be implementing Sir Patrick Sheehy's report as part of the package of reforms to the police service. Additional funds for police resources are unlikely with a public sector borrowing requirement of £50bn.

For Mr Howard, therefore, the options are relatively limited as he works on his speech for the October conference. He cannot offer the delegates more police officers, though he may encourage further use of unpaid special constables. He can also try to legitimise vigilantism volunteer schemes, such as the "parish wardens" pioneered this week in three Herefordshire villages.

But the home secretary will promise more custodial sentences for convicted criminals and fewer cautions. He will also say that sentences will be longer, as courts regain the right to consider previous convictions when sentencing. And he will curdle the constituency representatives' blood with pledges to make prison regimes less comfortable.

Whether this will satisfy the "twelve just men" and their avenging ferret remains to be seen. But it is all Mr Howard can offer in present circumstances.

Earth Mother Exec seeks New Man

Rachel Johnson on feminism and thirtysomethings

"You've come a long way, baby," boasted the Virginia Slims cigarette advertisements in the 1970s, as author Shirley Conran, aka Superwoman, revealed that life was too short to stuff a mushroom.

But the myth that today's woman can have it all after 100 years of feminism and 20 of the equal opportunities industry was exploded this week.

A national survey of 11,000 men and women of all backgrounds born in 1958 suggests feminism has failed Britain's female thirtysomethings. The survey, funded by the Economic and Social Research Council, found most women were caring for the children, many as lone parents; moreover, they were doing the bulk of the housework and earning less than men.

Women's average full-time hourly pay, at £4.40, was 85 per cent of their male counterparts'; women working part-time earned just £3 an hour on average; and affordable childcare facilities and company creches were "virtually non-existent".

Do these findings strike a chord with professional women in their 30s?

Rosa Monckton, managing director of Tiffany, the jeweller, has an eight-month-old daughter, mortgage and busy husband. She is typical of women who have found the combination of work and motherhood more demanding than anticipated.

"We want too much and expect too much," she says, even though she has been able to juggle her hours to see more of her daughter, Savannah. "You can combine motherhood with a job, but it's bloody. I feel particularly sorry for single mothers who have to work." She has rearranged her day so that she leaves the office at 4.30pm to be home in time to give the baby supper.

Nina Harris, 36, set up her own estate agency, which she runs from her home in Notting Hill, London, two and a half years ago. This has made her recent return to work after her son's birth less traumatic.

"I've tailored my life down now, taking over from the nanny at 4pm on the dot. If I had to do menial tasks I'd be sent over the edge. But I am responsible for laundry and shopping," she says, echoing the ESRC survey's finding that only one in five men shared household chores.

For a woman working in more male-dominated environments, the careful management of time to combine career and motherhood is more difficult.

Jill Shankleman works for the consultancy Environmental Resources Management's Oxford office, and supports two teenagers. She believes that, in order to cope with the pressures on them, women have had to "grow up", whereas "men haven't". Women, she says, "work it all out, develop compromises and present solutions".

In common with women working in the City, she detests the "unnecessarily macho" 1980s attitude to work which means getting in very early and staying very late as proof of commitment.

"We should follow the Germans who regard it a sign of inefficiency to stay late," she suggests.

For married gilder and artist Clare Mosley, today is the fourth day that she has been back at home in Camberwell with her toddler, Augustus, her first child, since packing up her studio in Battersea.

"I'm climbing the walls but he's loving it," she says. "It's mind-numbing but I thought I would try to do one thing at a time."

Different generations of women have, she believes, have different attitudes. "My mother was brought up to have a husband; her expectations were very low. Ours are so high. We have to have the husband, the job, the children and the right colour kitchen."

She worries that, having temporarily stopped working, she will be confined to the social ghetto sometimes inhabited by mothers who do not work. "Men lean across you at dinner parties to talk to each other," she remarks.

Praise for feminism is more likely from professional women without children. Brigid Larmour, 33, artistic director of Contact Theatre in Manchester, believes "every politically conscious feminist is making things easier for the next generation".

Even so, she believes that having it all – high-powered job, children, home and professionally satisfied husband – is not possible. "The state is no help whatsoever, employers expect unreasonable hours, and the extended family's not there."

It seems, ultimately, that Executive Earth Mother cannot exist without domesticated New Man, and he has failed to materialise.

But men pay a price too. "They have no flexibility at all," says Alison Coburn of Common Purpose, an educational charity.

Feminism may not have solved the problems of today's female thirtysomethings. But it has not liberated men from their bondage either.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Corruption now high on the ethical agenda

From Mr Laurence Cockcroft.

Sir, Samuel Brittan's article, "How economics is linked to ethics" (September 2), strangely omitted to deal with corruption in this context. Strange, because this year has seen at least four major or significant governments (Japan, Italy, Brazil and Kenya) shaken to their foundations or overturned on the issue of corruption at the interface of business and government. Elsewhere, corruption at this interface gnaws ever more deeply into the social fabric, an effect which is at least partly an (unintended) by-product of large-scale privatisation.

The issue is now clearly a major one on the global agenda. Its effects are particularly disastrous where they lead to the chronic misallocation of resources in the developing world, and so directly foster impoverishment.

The ethical questions are also complex: at first sight the securing of an award for a major power plant in a country of the south may sustain several hundred jobs in the UK for a period of months. That is unquestionably good news. It is less good if the contract has been awarded because a bribe has been paid and a more cost-efficient, environmentally friendly power plant should have been installed. The UK or EC taxpayer may have helped sustain employment through schemes such as the Trade and Aid facility, but have contributed to a negative effect in the south.

There are many involved in the exporting world who are concerned about this dilemma. In the US an exporting company can pay fines of up to $2m and a responsible director or company official can go to jail for up to five years for transgressing the Foreign Corrupt Practices Act.

Yet most EC countries and the UK allow bribes paid in pursuit of overseas business as a tax deductible expense if appropriately "buried" in the accounts.

Laurence Cockcroft,
Transparency International,
PO Box 3378,
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No quick fix, but a benefit to UK industry

From Dr Geoffrey Broad.

Sir, Recent letters have highlighted the polarised opinions on the success, or otherwise, of working practices in Japanese subsidiaries in the UK (July 19, and August 28/29). Both positions may, in fact, be accurate.

There is now general agreement that Japanese, like other foreign multinationals, select strategies and methods to manage successfully the interface between local human resources and production technology set in the context of a changing international business environment. There are, however, variations in the responses of local managers, workers and trade unions to the application and adaptation of Japanese-style management. Why then do "traditional" low trust and adversarial attitudes appear evident in some plants and not apparently in others?

We know that Japanese manufacturers undergo phases of organisational development which may, in part, account for the variable performance and employee attitudes. None of them can therefore expect to be completely immune from some industrial relations problems associated with the introduction of high employee participation systems which increasingly link remuneration with close appraisal and team working. Such "prototypes" have important implications, not only for shop floor relations, but also in terms of the propensity of local managers and supervisors to work with their Japanese colleagues in participative modes.

"Japanisation" can never be simply a quick fix to the problems of British industry. However, we need to explore further the dynamics of change in these plants and more Japanese firms should assist by opening up research access to allow detailed empirical investigations to take place.

Geoffrey Broad,
lecturer in comparative industrial relations,
University of Salford,
Salford ,5 4WT

No impoverishment prior to directing The Mousetrap

From Mr Peter Cotes.

Sir, It gives me no pleasure to contradict such an authority as Lord Goodman, but this I am compelled to do in view of your Observer story, "Sound advice" (August 19).

The facts rather than the "fancies" of what has become a highly charged matter are detailed in my recent autobiography "Thinking aloud". I was not, as Lord Goodman suggests in his memoirs, "impoverished" when Peter Saunders asked me to direct The Mousetrap. I had three successful productions in being at the time. It was not on Arnold Goodman's advice that I took a royalty on the production as payment; I had already been offered 1 per cent and his role was limited to drafting a letter for my agent to send to Saunders suggesting 1.5 per cent.

While not as humorous as my old friend's book of anecdotes (how could it be?), my own work is without doubt more accurate in dealing with "Goodie's" amusing encounters with theatricals.

Peter Cotes,
7 Hill Lawn Court,
Chipping Norton, Oxon

Credit management best solution to debt problem

From Ms Elaine Jenking.

Sir, While the Forum of Private Business cannot be faulted on its efforts to obtain a statutory right to charge interest on overdue debts ("MPs back right to levy interest on late debts", August 19), I wonder whether its energy is correctly directed? We already have a right to charge interest on overdue debts and any experienced credit manager will be able to obtain this without the need for parliamentary intervention (Interest on Debt Bill).

May I suggest that if the FPB has sums available to pursue this matter, they be directed towards the training of suitable candidates to become effective managers of credit.

Credit management is a relatively new profession which has emerged over the past few years. A good credit manager can make all the difference between the success or failure of a business. Whether we have a statutory right to charge interest on the late payment of debts or not, the problem will still be the collection of this money – all businesses will end up with is a bigger financial problem unless they have the right people to collect their debts in the first place.

Elaine Jenking,
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'Rationalists' oppose Maastricht

From Mr Paul G Byard.

Sir, Many people throughout Europe (and other parts of the world) have serious reservations about the Maastricht treaty, believing it to be leading European Community countries in the wrong direction with potentially disastrous consequences. We are neither Euro-sceptics nor anti-European; Euro-rationalists is a more accurate description.

Paul G Byard,
6 Lobster Bay Villas,
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Clearwater Bay,
Kowloon, Hong Kong

Strong performances by investment banking and newspapers

Pearson advances 34% to £46m

By Paul Taylor

PEARSON, the publishing, banking and industrial group which owns the Financial Times, yesterday reported a 34 per cent increase in first-half pre-tax profits, mainly reflecting the strong performance of its investment banking and newspaper interests.

Profits increased from £34.6m to £46.3m in the period to June 30, including a £3.1m (£11.6m) surplus on the sale of fixed assets.

Sales from continuing operations rose 19 per cent to £824.4m (£694.8m) with currency movements accounting for £77m of the gain. Currency changes added £2m to pre-tax profits and had an impact on net interest costs, which rose to £8.3m (£7.3m) despite net debt falling to £170m (£185m).

Earnings per share rose by 41 per cent to 6.2p (4.4p) and the interim dividend is maintained at 5.375p.

Mr Guy Lamming, a media analyst at James Capel, said the results were "better than had been expected" and indicated that the group's recently announced plans to focus on its media and entertainment businesses were correct. Pearson's share price, which has risen sharply over the past year, gained a further 6p to close at 519p.

As part of the new strategy, Pearson plans to spin-off its Royal Doulton fine china division later this year and sell a majority stake in Camco, the US oilfield equipment and services division, through a public offering in New York.

Commenting on the results Lord Blakenham, chairman, said they reflected "a substantial improvement in underlying performance".

They showed the benefits of three years of cost-cutting. "We have become more profitable in indifferent trading conditions and are making the most of the patchy recovery we have seen in some of our markets. The outlook continues promising."

Operating profits jumped by 70 per cent to £51.5m (£30.3m) with all the main divisions, except books and fine china, achieving gains.

Investment banking interests, including the 50 per cent stake in Lazard Brothers in London, benefited from the improved market climate and more than doubled their profit contribution to £16.4m (£7m).

Newspapers operating profits rose to £22.2m (£15.1m) despite continuing flat advertising volumes. Within that, the FT Group, including the newspaper, business information services, and Les Echos, the French business paper, contributed £18m (£13.2m) and Westminster Press £4.2m (£1.9m).

In contrast, the books division, which generally makes its profits in the second half, saw its contribution fall to £1.7m (£2.4m). Higher losses at Addison-Wesley, the US-based educational publisher, offset gains at Penguin and Longman.

Profits from entertainment increased to £2.9m (£1.6m) boosted by substantially more visitors to the attractions, particularly the Tussauds group. Mr Frank Barlow, managing director of Pearson, said visitor numbers were 13 per cent higher at 3.8m in the first half.

Mr Barlow added that a new television division would be set up for the 17.5 per cent interest in BSkyB, the satellite venture, the 14 per cent stake in Yorkshire-Tyne Tees and the recently acquired Thames Television production company. He also said Pearson was seeking to expand its television interests in Europe and Asia.

Oil services achieved a sharp improvement but that was masked by other factors. As a result operating profits were up to £7.5m (£7.4m) on turnover of £182m (£128m).

Fine china increased sales 10 per cent to £96.8m, helped by exchange rates. Profits, however, dropped to £1m (£2.3m) mainly reflecting redundancies and costs of scaling back production to reduce stocks.

Trevor Humphries

Lord Blakenham, left, and Frank Barlow: cost cutting gives substantial underlying improvement in indifferent trading

Prowting acquires Galliford for £22.6m

By Catherine Milton

PROWTING, the lossmaking housebuilder, is buying Galliford Homes Group, a south of England housebuilder and former Sears offshoot, from its management for £22.6m.

The consideration is being satisfied by the issue of 14.4m shares and £5.3m cash. Of the shares, 9.95m have been firmly placed and 2.68m placed subject to a 1-for-5 open offer at 120p a share.

Mr Terry Roydon, managing director, said the deal would expand Prowting's equity by 23 per cent but immediately increase its output from 350 to 900 housing units. The company believed the acquisition would enhance earnings per share. He said: "We are combining a long land bank company with relatively low annual sales with a company that has high sales relative to its land bank. This will make a company with good volume and a reasonable land bank and not one which is out of proportion as ours is at the moment. Make the land bank sweat."

Galliford reported operating losses in the year to January 1993 of £430,000 (profits £924,000) before provisions on its land bank of £6.39m (£9.9m). Turnover was £48.9m (£52.2m).

In 1992-93 provisions against land holdings pushed Prowting into pre-tax losses for the second consecutive year. After a £4.93m (£22.4m) provision, pre-tax losses were £4.87m (£17.7m) for the year to February 28, on turnover down by 4 per cent from £36.4m to £35m.

Galliford was founded in 1964 and acquired by Sears in 1975. In 1990 Sears withdrew from housebuilding and the business was then run on the basis of using up its land bank.

In April this year, management, supported by funds advised by Schroder Ventures Advisers, Sumit Equity Ventures and North of England Ventures, bought the business.

Galliford's development sites are all in southern England.

First half rise by Schroders and dividend increased

By Paul Taylor

SCHRODERS, the international merchant and investment banking group, said yesterday that profits for the first half of 1993 were higher than for the same period last year.

The group which currently does not disclose detailed interim figures, said net profits for the whole of 1992 were £67m (£56.1m).

From next year the group will be required under the EC Bank Accounting Directive to change the way its accounts are presented, to disclose its inner reserves and charge loan losses in full in the year in which they are recognised.

In a brief announcement to the Stock Exchange yesterday, Schroders said it was increasing its interim dividend to 4p from 3p a year earlier.

Mr George Mallinckrodt, chairman, said that all functional and geographic areas of the group had performed well. "It was across the board. "The first half has been kind to us because the environment has been a good one."

The "star performer" in the first half had been the global investment management business bolstered by rising markets, he added.

Schroders is believed to have between £42bn and £43bn in funds under management.

See Lex

Kleinwort Benson sells bullion house to Deutsche Bank

By Kenneth Gooding and David Waller

DEUTSCHE BANK, Germany's biggest bank, is buying Sharps Pixley, the bullion and metals business.

Sharps can trace its origins back to the 1740s and is one of the five members of the committee which fixes the gold price daily in London.

Lord Rockley, chairman of Kleinwort Benson, the merchant banking group which owns Sharps, said the bullion house "has been a good investment over the years but today a commercial bank is a better place for it to realise its potential". He admitted that Sharps had not been a great contributor to group profits.

The price, which would be related to Sharps' net assets plus a figure for goodwill, has still to be agreed but it would not result in any charge to Kleinwort's accounts. Sharps employees would be transferred with the business.

Deutsche said the acquisition should be seen as a strategic move designed to expand its precious metals trading activities.

The bank is active in gold and silver markets around the world. It is one of the three largest traders of South African gold, has a 50 per cent share of the German gold trading market and is an important company in the the Australian nugget market. It aims to become a marketmaker in London where at present it only trades precious metals.

Sharps is also one of the three companies operating the London Silver Fixing and became a ring dealing member of the London Metal Exchange in 1979. Through its New York operations it is a member of the New York Commodity Exchange.

Dalgety expands via purchase of two Unigate subsidiaries

By David Blackwell

DALGETY, the food and agriculture group, is buying two businesses from Unigate, the food and distribution group which is still in the process of reshaping its activities.

Dalgety is paying £15.7m cash for Oldacre, which has eight animal feed mills, mainly in southern England. The business has assets of £10m and made operating profits of £2m on sales of £78.5m in the year to March 1993.

In addition, Dalgety is paying £9m for Morton Foods, which supplies batter and crumb coatings to the food industry. It has net assets of £4m and last year made an operating profit of £330,000 on sales of £7m.

Mr Richard Clothier, Dalgety chief executive, said yesterday that Oldacre would lift Dalgety from 17 per cent to 21 per cent of the 10m-tonne UK animal feed market, bringing it level with Harrison & Crosfield's BOCM Pauls, the market leader.

Morton, which has a modern crumb plant in Oxfordshire, would bring high-value capacity to Dalgety's existing range of food coatings, he said.

Mr John Worby, Unigate finance director, said the disposal of the two companies fitted in with the group's plan to concentrate its business on the core food and distribution areas.

Morton had been acquired in April along with Clifford Foods, a dairy and juice company, and was being sold because Unigate had no other ingredient businesses.

The sale of the two businesses, along with other recent disposals and acquisitions, would leave Unigate with pro forma gearing in the low to mid-30s, he said.

Peter Black steps out with rise to £9m

By Catherine Milton

PETER BLACK, the shoes and cosmetics company which supplies Marks and Spencer, is recommending a 26 per cent lift in its dividend on the back of a 40 per cent surge in pre-tax profits for the year to June 5.

Turnover rose to £114.9m (£106.2m) and operating margins to 8.4 per cent (7.7 per cent). The pre-tax profit was £9.08m (£6.47m).

According to Mr Stephen Lister, finance director, the results reflected a strong second half as well as the benefits of recent closures and cost-cutting: "We've always said the earnings would come through when that was completed."

Mr Gordon Black, joint chairman, said the group was now favourably positioned, with growth in overall demand for products and in main customers' share of the market."

Cosmetics contributed £40.9m (£38.2m) to sales and £4.4m (£3.2m) to pre-tax profits; footwear and accessories turned over £60.6m (£55.9m) and made £3.7m (£2.5m).

The small, cash generative distribution and leisure businesses contributed £13.4m (£12.1m) to turnover and £1m (£800,000) to profits.

Borrowings fell to £1m (£5.5m) giving gearing of 2 per cent (15 per cent). Interest costs fell to £614,000 (£1.73m).

A final dividend of 2.77p makes a 3.7p (2.94p) total. Earnings rose to 11.18p (7.92p) per share.

● **COMMENT**

Gordon Black thinks his shoes and cosmetics are recession-proof. Certainly, that is the case when Marks and Spencer, which buys 65 per cent of Black's turnover, is the customer. M&S has increased its market share in shoes over the last five years. Black is now trying to make the same headway in continental Europe during a consumer recession, relying on a wider customer base than at home. With most of the impact of cost cutting already reflected in profits, growth this year will be more modest. Pre-tax profits are likely only to match 1990's peak of £10.3m. Earnings of under 13p give a multiple of almost 16 which is a fair rating until bigger Continental profits are proven.

Float boost for Pittencrieff

By David Blackwell

THE FLOTATION in the US of a large part of its mobile communications subsidiary boosted first-half pre-tax profits at Pittencrieff, the natural resources and communications company, from £2.2m to £15.2m.

The flotation of Pittencrieff Communications, in which the parent retains 54 per cent, raised $68m (£45m) net of expenses. After taking a loss on the sale of its oil field service businesses, Pittencrieff booked a net gain on disposals of £12.9m. Excluding that, pre-tax profits for the half year to June 30 were ahead 28 per cent at £2.3m (£1.8m).

Including disposals, earnings per share advanced from 9.4p to 53.04p. Excluding such items earnings fell from 7.35p to 5.83p because of an increase in the number of shares in issue and an anticipated higher tax charge. The interim dividend is raised from 3p to 3.25p.

The group now has cash deposits net of borrowings of £30m, compared with net borrowing at the end of last year of £5m.

Mr Terry Heneaghan, chief executive, said the company was now in a transition period and was cash rich.

Mr Michael Munro, chairman, said the group balance sheet had been "immensely strengthened" by the flotation.

In May the group succeeded in a hostile bid for Aberdeen Petroleum for £9.2m. This boosted its proved oil and gas reserves by 6.5m barrels of oil equivalent – or about 90 per cent.

Turnover doubled to £14m, including £1.3m from discontinued operations.

Banks cash in on their WPP conversion shares

By Andrew Bolger

BANKS immediately sold most of the ordinary shares in WPP Group they received yesterday by converting preference shares in the market services company.

SG Warburg, the stockbroker, bought 46.9m shares at 93p and placed them at 94p with 60 institutions in the UK, US and Europe. WPP's shares closed 7p higher at 102p.

WPP said later it had obtained a listing for 57.76m new ordinary shares in the company to satisfy conversion rights. The shares placed yesterday represent 8 per cent of the group's diluted share capital.

This was the first opportunity for banks who supported WPP's debt-for-equity swap last year to book a profit on some of their preference shares.

Shares in WPP have more than doubled this year as hopes of recovery have improved. However, the group last month remained cautious about an upturn in its markets.

China and Eastern leaps

By Simon Davies in Hong Kong

CHINA and Eastern Fund, the first closed-end fund to focus on China, reported a rise in net profits from $462,834 to $1.35m (£890,000) for the year to July.

Net assets rose 8 per cent to $53.8m, representing $2.64 ($2.43)per share.

The fund was launched on the Stock Exchange in 1985 to invest in listed and unlisted investments which would benefit from the opening up of the Chinese economy.

The company had a mixed performance from its direct investments, and as a result of the development of China's own stock markets and the growth in listed Chinese companies in Hong Kong, it is now focusing on listed companies.

During the past financial year, its investment valuations were hit by falling B share prices on the Shanghai and Shenzhen stock markets, set against strong performances from Hong Kong-listed China stocks.

Lord Marsh, chairman, said he was confident of an increasing interest in Chinese investment. "If you take a long-term view, the likelihood is that China will become a major player in Asia and it understands the need to adapt its business practices to an internationally-recognised capitalist system," he said.

China and Eastern has also broadened its focus to include other Asian-listed companies with substantial business in China and has investments in the Korean, Malaysian and Singaporean stock markets.

The recommended final dividend goes up to 6 cents (2 cents).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Black (Peter)	fin	2.77	Oct 25	2.17	3.7	2.94
China & Eastern	fin	6☆	-	1	6	2
Isotron	fin	2.83	Nov 12	2.57	4.34	3.94
Molynx	int	nil	-	1.3	-	1.3
Pearson	int	5.375	Nov 12	5.375	-	12
Pittencrieff	int	3.25†	Oct 25	3	-	7
Readymix	int	0.55♣	Oct 7	0.55	-	2.9
Schroders	int	4	-	3*	-	11*
Stavert Zigomala	fin	9.4145	Oct 4	18.75	9.4145	18.75

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Equivalent after scrip issue. ☆ US cents. ♣Irish pence.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	102	96	Anglian Water Wrts	97	-3	-	-	-	-
120	F.P.	-	147	125	Bakyrchik	133	-1	-	-	-	-
†150	P.P.	-	188½	150	British Telecom (P/Paid)	185½	-½	N15.6	1.4	4.4	21.0
90	F.P.	-	98	95	Crocklords	95		W5.2	2.3	6.8	7.5
100	F.P.	-	102	97½	EFM Small Co's. Tst	99	-½	-	-	-	-
-	F.P.	-	58	52	Do. Warrants	53	-1	-	-	-	-
-	F.P.	-	5	3½	‡Exploraura A	4	-¼	-	-	-	-
-	F.P.	-	156	149	Finsbury Smllr. Co's. C	155	-1	-	-	-	-
-	F.P.	-	70	67	For & Col Special Inc	67½		-	-	-	-
-	F.P.	-	46	42	Do Capital	43½	-½	-	-	-	-
-	F.P.	-	116	109	Do Units	111	-½	-	-	-	-
100	F.P.	-	113	101	Lazard High Inc Tst	105½	-½	-	-	-	-
-	F.P.	-	31	18	Raglan Warrants	31		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	112½p	103p	Asprey 6¼pc Cnv Pf	112p	+½
100	F.P.	-	109½	105	Coats Viyella 6¼pc Cv Bds 2003	108½	
-	F.P.	-	114	102	Ex-Lands 7½pc Cv Ln 2020	108	
100	F.P.	-	106⅝	98¼	Greenalls 7pc Cv Bds 2003	106¼	-⅛
-	F.P.	-	108½	104½	Natl. Power 6¼pc Cv Bds 2008	108	
-	F.P.	-	113⅞	107⅞	Warburg 6½pc Cv Bds 2008	113½	-¼
-	F.P.	-	110	107	Wilan 6¼pc Bds	110	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
21	Nil	22/9	15pm	11pm	Arlen	14pm	
90	Nil	12/10	8½pm	6½pm	Crocklords	7pm	
75	Nil	3/9	21pm	3pm	Cussins Property	21pm	
135	Nil	22/9	30pm	20pm	Lilleshall	20pm	-6
165	Nil	28/9	26pm	18pm	Sedgwick	21pm	+3
88	Nil	13/10	12pm	10pm	Wickes	13pm	+1
1	Nil	4/10	½pm	¼pm	‡Wilton	¼pm	

pm Price at a premium. † Price offered to public.
For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Aug. 23
- Last Dealings Sep. 10
- Last Declarations Nov. 25
- For settlement Dec. 6

3-month call rate indications are shown on page 9.

Calls in Alliance Res., Anglian Water wrrts., Anglo Pacific, Cannon Street Invs. and Govett. Puts in Alliance Res. and Babcock. Double in LIT Pref.

NEWS DIGEST

Isotron rise puts 20p on share price

IMPROVED sales in all markets helped Isotron, the Swindon-based sterilisation company, report a 14 per cent advance in pre-tax profits for the year to June. The shares rose 20p to 270p.

On turnover ahead 12 per cent at £7.31m (£6.51m), profits were up from £2.74m to £3.11m. Earnings per share were 17.3p (14.8p) and a final dividend of 2.83p is proposed for an increased total of 4.34p (3.94p).

The cash balance increased over the year to £4.5m despite paying for substantial cobalt purchases in the second half and the capital cost of a new gas sterilisation plant in the Irish Republic.

On prospects Mr Colin Clive, chairman, said that interest income would be lower because of capital spending in Ireland. However, the year had started well and with the UK economy showing signs of improvement he said operating profits should continue to progress.

Euromoney expands operations in US

Euromoney Publications is extending its training activities through the acquisition of US interests for $1.01m (£680,000) cash.

It is buying 25 per cent of the outstanding stock of MIS Training Institute, a Massachusetts-based corporation, and 25 per cent of the partnership interests of MIS Partners. The remaining interest is held by Mr Michael Sobol, president of MIS.

Euromoney will lift its stake in MIS to 50 per cent in three stages based on profits for the three years ending 1996. The remaining 50 per cent is subject to a put and call option at a value based on profits for the next three years.

The directors estimate that, based on the expected results of MIS, total future consideration will be some $4m. In 1992 it made a pre-tax profit of $195,000 and had net assets of $619,000.

Beauford puts Dale into receivership

Beauford has requested a receiver be appointed at Dale Group, its mining equipment subsidiary. The remaining companies in the Beauford group are not affected.

The decision had become inevitable, said Beauford, as 60 per cent of Dale's sales were with British Coal.

The deteriorating economic climate there and the real threat of accelerated pit closures had made it necessary to concentrate financial resources in stable or expanding markets.

New man at the top for Babcock

The new chief executive of Babcock International, the engineering group, is to be Mr John Parker, who resigned this week as chairman and chief executive of Harland & Wolff, the Belfast shipbuilder.

He will take the job vacated by Mr Oliver Whitehead, who left Babcock in April after disagreeing with the board over strategy.

Babcock declined to confirm the appointment yesterday but is expected to make an announcement soon which will involve further management changes.

Burford advances 40% to £1.93m

Burford Holdings, the property investor and trader, returned pre-tax profits of £1.93m for the six months to end-June, a near-40 per cent improvement over last time's £1.38m.

Turnover of £5.1m compared with £4.6m. Earnings emerged at 1.27p (0.68p) and the interim dividend is lifted to 0.65p (0.5p).

Mr Nigel Wray, chairman, said the figures did not incorporate any contribution from the £68m property portfolio acquired from Provident Mutual or from the recent £41.9m rights issue launched to help fund the purchase. He said the benefits of these transactions would be seen in the second half.

It was anticipated that by the year end the rent roll should be annualising at about £17m.

GrandMet offshoot in Mexican purchase

Pillsbury, the US food subsidiary of Grand Metropolitan, is to acquire a 49 per cent stake in Pacific Star de Occidente, a leading distributor of frozen and refrigerated products in Mexico, for an undisclosed sum.

The partnership aims to create the largest and most modern operation of its type in the country, serving more than 1,400 supermarkets in its first year of operation.

Thomas Cook buys out joint venture

Thomas Cook, the UK's third largest travel agency, has paid an undisclosed sum for the outstanding 49 per cent stake in Thomas Cook Australia, the joint venture with Qantas Airways established in 1986.

Thomas Cook, now owned by Westdeutsche Landesbank and LTU, the German travel group, said the deal would give it greater flexibility within the Asia-Pacific region.

Reuters to take extra shares

Reuters Holdings, the international news and information group, is intending to buy a further 9.46 per cent of the shares offered above the 5.84 per cent it originally sought under its £350m share buy-back offer.

Anyone tendering up to 5.84 per cent of their holding will have them accepted in full. Of any excess 9.46 per cent will be accepted.

An error by one investor accepting for 11m shares rather than the intended 1m lay behind a revision in the acceptance figures for the offer.

The group yesterday said that acceptances had been received for shares representing 36.19 per cent of its equity against the 38.65 per cent previously announced.

The offer is being made as a way of returning its cash mountain – £710m at the end of 1992 – to shareholders.

Latin American net assets improve

Net asset value per share of the Latin American Investment Trust stood at 189 cents at June 30. That compared with 185 cents 12 months earlier and with 183 cents at the December 31 1992 year end.

For the six months to end-June the trust swung from an attributable deficit of $399,000 to revenue of $804,000 (£532,000). Earnings per share emerged at 1.07 cents (losses 0.53 cents).

Sleepy Kids signs Budgie agreements

Sleepy Kids, the children's animation and merchandising group traded on the USM, has signed four licensing agreements in the US for Budgie The Little Helicopter merchandise.

The licenses, the company's first in the US, are with Franco Manufacturing for a line of beach and bath towels, with Selandia Designs for children's melamine dishes, with Nylint Corporation for plastic vehicle toys, and with Happiness Express for small toys and room accessories.

Molynx returns to black with £21,000

Molynx Holdings returned to profit in the first half of 1993 but the result continued to be disappointing, according to Mr Eric Walters, chairman.

Pre-tax profit came to £21,000. Although less than half of the comparative £45,000, it compared with a loss of £531,000 in the second half of 1992.

Mr Walters said the closed circuit television and security division performed significantly better than in 1992. However, the recovery had so far eluded the markets in which the building energy management division operated.

CCTV sales rose to £6.18m (£4.9m) and trading profit to £698,000 (£221,000). There was recovery in the UK and strong growth in Norway, but recession in other European markets dampened the outcome.

At BEMS, turnover increased to £6.9m (£6.2m) but the loss jumped to £438,000 (£34,000). In the UK sales moved up 23 per cent with Synchronised Systems having the benefit of the good order book from three contracts started in 1992.

Mr Walters said "unacceptably high" operating losses continued in Germany and the US. Sales in Germany slumped 62 per cent and a return to profit was not expected until 1994. It was hoped to be in the black in the US by the year end.

Earnings per share were nil (0.3p). There is no interim dividend, against 1.3p, the total for 1992.

Cray Electronics lifts stake in P-E

Cray Electronics Holdings, the data communications and software systems group which has launched a recommended all-share offer for P-E International, has purchased an 5.02 per cent stake in its target.

The group revealed in its offer document posted to shareholders that it had acquired 1.76m P-E shares. In addition it has irrevocable undertakings, involving 5.28m P-E shares, from shareholders to accept the offer which, together with share purchases, represents 24.11 per cent of the shares.

The offer document also notes that Cray's board "anticipates an improving performance from the P-E group in the future, although the acquisition is not expected to have any material effect on Cray's earnings per share in the current year."

Cray is offering one new share for every two P-E shares valuing the group at 74½p per share.

ECONOMIC DIARY

TODAY: Tenth round of Sino-British talks on Hong Kong in Beijing (until September 5).

TOMORROW: Trade Unions Congress opens in Brighton (until Friday).

MONDAY: Central Statistical Office publishes figures for credit business (July). The Department of Environment gives statistics for housing starts and completions in July. Interims from Bunzl, Fairey Group and Rugby Group.

TUESDAY: West German GDP (second quarter). Heads of state and government from the Commonwealth of Independent States expected to meet in Moscow to sign treaty on economic union. Indian steel industry workers to strike for a day over the privatisation of a state-owned steel plant. Swiss Bankers Association annual report. Institute for Policy Research publishes report challenging government's approach to education.

WEDNESDAY: US wholesale trade (July); consumer credit (July). Start of two-day Financial Times conference "World Motor" at the Hotel Inter-Continental in Frankfurt. National Rivers Authority launches annual report and accounts. HJ Heinz annual meeting.

THURSDAY: Central Statistical Office publishes United Kingdom Balance of Payments 1992 (CSO Pink Book). Confederation of British Industry survey of distributive trades (August). US jobless claims; capital spending (second quarter). Bundesbank central council meets. International Motor Show opens in Frankfurt. Mr P.V. Narashima Rao, Indian prime minister, visits South Korea. Results from Glaxo. Interims from British Gas, BTR, Royal Dutch, Shell Transport and RTZ.

FRIDAY: BISPA issues figures for usable steel production (August). Whole World trade figures (second quarter) from the Central Statistical Office and construction output (second quarter) from the Department of the Environment. US producer price index (August). International Boat Show '93 opens in Southampton (until September 18).

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied-Lyons	600	31½	44½	53	12	25	29
(*614)	650	7½	20½	29	42	53½	57
Argyll	300	34	40	46	3½	9½	13
(*326)	330	14½	22½	29	14	22½	26½
ASDA	67	4½	-	-	4½	-	-
(*67)	76	2	-	-	11	-	-
Brit Airways	345	28	37	-	9	18	-
(*359)	360	18½	29½	38	15½	25	30
Smkl Bchm A	420	46	58	66	6	15	18½
(*455)	460	21	33½	44	22½	32½	37
Boots	460	37½	45½	55	6½	14	19
(*486)	500	12	23	33	23	33	38
BP	300	17½	25	30	8½	12	15½
(*308)	330	4	11½	18	24½	28½	32
British Steel	110	10	16½	19	5½	9	11½
(*113)	120	5½	11	14	11½	15	17
Bass	460	41	48	52½	8	17	23½
(*499)	500	15½	25½	31½	23	38	44½
Cable & Wire	850	39½	58½	76	17½	32	38½
(*884)	900	15½	34½	51	47	59½	65
Courtaulds	500	54	62	74	3½	9½	15
(*545)	550	19½	31½	44	20½	31	35
Comm Union	580	28	-	11	-	-	-
(*590)	639	7½	-	42½	-	-	-
GKN	460	36½	-	-	7	-	-
(*493)	500	14	-	-	26½	-	-
ICI	681	45	84	-	12	21½	-
(*708)	750	9½	26½	36½	50½	58	71½
Kingfisher	650	24	41	56	21	31	38½
(*654)	700	6	20½	33	55½	64½	64½
Land Secur	650	27½	40½	50	14	20½	31½
(*658)	700	7	18	29½	45½	56	60½
Marks & S	360	33	38	46½	4½	8½	12½
(*386)	390	12	21	27½	14½	20	25
NatWest	460	32	45½	48	7	14½	22
(*479)	500	10½	23½	29	27	33½	44
Sainsbury	500	21½	34	44½	16½	20½	31½
(*501)	550	4½	14	22½	51	58	61½
Shell Trans.	650	21	38½	44	13½	21	31
(*665)	700	4	16	21½	47	51	59½
Storehouse	220	12	18½	23	8	14	16½
(*222)	240	4	9½	14	21½	28	28½
Trafalgar	101	11	-	-	4	-	-
(*107)	110	6½	9	12	8	12	13½
Unilever	1050	53	73	88½	15½	28½	42
(*1077)	1100	24	46	60	39	53	66
Zeneca	750	28½	52½	60½	29½	43½	59
(*755)	800	11	31	38	64½	73½	89
Option		Oct	Feb	May	Oct	Feb	May
Grand Met	420	33	43½	49½	6	17	21½
(*442)	460	10½	22	28½	25½	38	42½
Ladbroke	200	15½	23½	26	8	14½	19
(*209)	220	6½	14½	17	21	26	32
Utd Biscuits	360	37	47	50	6	14	22½
(*388)	390	16½	29½	33	19	28	37
Option		Oct	Dec	Mar	Oct	Dec	Mar
Fisons	160	22	25	29	3½	7½	11½
(*178)	180	8½	13	18½	11½	17	21½

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	420	43	60	68	26	40	47
(*431)	460	25	41½	50	48	62	68
BAT Inds	425	37	49½	-	7½	13	-
(*448)	450	23	34	-	17½	21½	-
BTR	360	19½	30	33	11½	16½	21½
(*369)	390	6½	15½	18½	30½	33½	37½
Brit Telecom	420	23	30½	36½	9	16	18½
(*429)	460	5½	12½	17½	32	38½	40½
Cadbury Sch	460	26	40½	44	13	18½	26½
(*473)	500	9½	21	24½	35½	41½	49
Eastern Elec	500	44	52	58½	6	14	16
(*529)	550	14½	23½	31½	28½	38½	39½
Guinness	460	32½	47	53	13	19½	28
(*477)	500	12½	28½	32	35	42	58
GEC	330	24½	30½	36	7	11	14
(*344)	360	8	15	21	21	27	29½
Hanson	240	16	20½	22½	6½	10½	13
(*250)	260	6½	11	13	17	21½	24
Lasmo	140	15	21	24½	9½	13	16
(*144)	160	7	12½	16½	22	25	27½
Lucas Inds	160	11½	17	19½	11	14½	17
(*163)	180	4	8	11½	25	27½	29½
P & O	650	30	47	52	30	38	49
(*660)	700	12	25½	33½	65	70	80½
Pilkington	140	23	25½	28	3	6½	8½
(*158)	160	9	13	16½	10½	16	17½
Prudential	330	16	26	28½	13	17½	23
(*335)	360	4½	12½	15½	32½	38	40½
RTZ	700	54	72½	79	13	20½	26
(*739)	750	23½	42½	51½	35½	43	49
Redland	500	48½	60	67	13	18½	33½
(*537)	550	19	33	42½	38	43	59½
Royal Insce	288	29	37½	-	6½	10½	-
(*310)	317	12	21	-	19½	24	-
Scot & New	460	33½	-	-	9½	-	-
(*476)	500	12½	-	-	31	-	-
Tesco	220	14	22	25½	8	15	19
(*224)	240	5½	13	16	22½	27	31
Vodafone	500	37½	49½	57½	18	27	32
(*514)	550	14½	30	33½	46½	54	60
Williams	330	21	28½	33½	13	17½	24½
(*338)	360	7½	16	19½	32	35½	41½
Option		Nov	Jan	Apr	Nov	Jan	Apr
BAA	800	60½	68½	83½	12	22½	26
(*837)	850	29½	40½	54½	33	45½	49
Thames Wtr	500	42½	47½	56	6½	12	15½
(*531)	550	10	19	28	31	35½	40½
Option		Sep	Dec	Mar	Sep	Dec	Mar
Abbey Natl	360	30	40	47½	1	5½	12½
(*387)	390	6	20	28½	8	17	25½
Amstrad	30	5	6½	7½	1	2	3
(*34)	35	1½	4	5	2½	4½	5½
Barclays	460	34	48	58	1½	8	18½
(*490)	500	5½	23½	34	13	24	36
Blue Circle	260	11½	20	29	3½	15½	20½
(*267)	280	2½	12½	19½	16	27½	31½
British Gas	300	31	34½	38½	1	6½	8½
(*329)	330	5	13	20½	5½	17	20½
Dixons	220	8	20	26	5½	13	20
(*222)	240	2	11½	17½	20½	26	32

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel	460	20½	50	-	10½	30½	-
(*470)	500	5	31	-	35½	56	-
Glaxo	600	26	52	-	10	39	-
(*617)	650	5½	30	-	37	68½	-
Hillsdown	160	10½	17½	23	2½	9	13
(*167)	180	1½	8	14	15	21½	25
Lonrho	120	6	14	18½	2½	7½	11½
(*124)	130	1½	9	13½	8	13	17
HSBC 75p shs	700	27½	55	-	7½	32½	-
(*715)	750	4½	31	-	38	61½	-
Nat Power	360	8	20½	28	4½	14½	19½
(*363)	390	1	8	15	28	34½	37
Reuters	1500	39	103	-	14½	55	-
(*1525)	1550	13	75	-	41	79	-
Rolls-Royce	140	10	16½	-	1½	8½	-
(*148)	160	1½	7½	-	13	20½	-
Scot Power	350	6	19½	-	5	12½	-
(*350)	390	1	5	8½	40	40½	42
Sears	110	5	9½	12	2	5½	7
(*113)	120	1	4½	7	8½	12	13
Forte	240	8½	18½	26½	4	14½	21
(*245)	260	1½	10½	16½	18½	28½	32
Tarmac	140	21	28	29½	1	7	9½
(*158)	160	5	14	18½	5½	16½	19½
Thorn EMI	1000	19	55	70	12	34	48½
(*1003)	1050	3	30½	47	48½	62½	78
TSB	180	20½	26	30	½	4½	8
(*198)	200	4	12½	17	5½	12	16½
Tomkins	220	17	26	30	1½	7	11
(*233)	240	3½	14	19	8	16	20½
Vaal Reefs	60	13	18	-	2	5½	-
(*$69)	70	4	11	-	4	12	-
Wellcome	750	16	51½	72	16½	49	60½
(*751)	800	3	30	51	53½	80	90½

EURO FT-SE INDEX (*3068)

	2875	2925	2975	3025	3075	3125	3175	3225
CALLS								
Sep	194	145	98	56	24½	7½	1½	1
Oct	203	168	116	80	50½	29½	15½	8
Nov	217	175	136	102	73	50	32	19½
Dec	-	193	-	121	-	66	-	29½
Mar †	-	231	-	165	-	111	-	70
PUTS								
Sep	1	2	4½	12	29	62½	106	156
Oct	6½	11	18½	32	52	80½	116	158
Nov	12	19	30	45½	65½	92	123	160
Dec	-	30½	-	56½	-	89½	-	161
Mar †	-	57	-	88	-	130	-	186

FT-SE INDEX (*3068)

	2900	2950	3000	3050	3100	3150	3200	3250
CALLS								
Sep	168	122	78½	38	13½	3½	1	½
Oct	180	137	98	64	37½	19	9	3
Nov	198	157	120	88½	61½	39½	25	14½
Dec	213	175	138	108	80	57	39½	25
Jun †	274	-	211	-	156	-	108	-
PUTS								
Sep	2	3½	7½	19½	48½	93½	143	193
Oct	9	15	25½	41½	68	99½	142	192
Nov	18½	27½	40	58½	82½	112	149	193
Dec	26	37½	51	70	93½	121	156	196
Jun †	70½	-	104	-	148	-	201	-

September 3 Total Contracts 30,797
Calls 15,443 Puts 15,354
FT-SE Index Calls 2,182 Puts 5,237
Euro FT-SE Calls 3,473 Puts 208
*Underlying security price. †Long dated expiry mths.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	33	HSBC (75p shs)	54	Ratners	4	Brit Land	33
Allied-Lyons	45	Charter Cons.	55	Hanson	17	Reed Intl	52	Land Sec.	53
Amstrad	3½	Comm Union	46	ICI	45	Sears	7½	MEPC	37
Astec (BSR)	3½	Courtaulds	42	Ladbroke	15	SmKl Bchm A	34	■ OILS	
BAT Inds	39	Eurotunnel	40	Legal & Gen	38	TI	28	Arcon Intl.	6
BOC	49	FKI	12	Lex Service	34	TSB	15	Aviva Pet	9
BT	28	FNFC	9	Lloyds Bank	45	Tesco	17	BP	23
BTR	28	Forte	17	Lonhro	10½	Thorn EMI	75	Burmah Castrol	60
Barclays	38	GKN	40	Lucas Inds	12	Tomkins	18	Premier Cons	2½
Blue Circle	21	Gen Accident	52	Marks Spencer	27	T & N	16	Shell	46
Boots	40	GEC	25	NatWest Bank	28	Unilever	72	■ MINES	
Bowater	37	Glaxo	40	P & O Dfd	50	Vickers	12	RTZ	52
Brit Aerospace	28	Grand Met	36	Racal Elect	20	Wellcome	52		
British Steel	10	GRE	17	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	Sep 3	Sep 2	Sep 1	Aug 31	Aug 27	Year ago	*High	*Low
Govt Secs (UK)	102.02	102.15	102.58	102.49	102.16	89.38	102.58	93.28
Fixed Interest	124.67	124.88	125.20	124.51	124.03	105.44	125.20	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93) , low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Sep 2	135.8	146.2
Sep 1	240.9	138.5
Aug 31	175.2	109.0
Aug 27	91.5	92.5
Aug 26	87.6	92.6

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

LME copper market crisis deferred

THE LONDON Metal Exchange copper market survived a crisis this week, but remained in a critical condition.

Despite an undeniably bearish fundamental situation – underlined yesterday by the announcement a further 72,50-tonne rise in exchange warehouse stocks to 524,500 tonnes – the market had been propped up for some months by a developing supply "squeeze", centred on the September delivery period.

The crunch was supposed to come this Wednesday, declaration day for September options.

In event the day passed quietly, but traders suggested that the crisis had only been deferred, with the bulk of the options being rolled forward to the October/December period. "There is still the potential for mayhem in the market," commented Mr Wictor Bielski, analyst at Bain and Company, part of the Deutsche Bank group. "These situations tend not to unwind themselves without doing some damage to some players."

At the end of July the LME management attempted to avoid that damage by issuing a warning that it would use its draconian powers to cool the situation if the supposed manipulators did not loosen their grip on the market.

In 1991 it responded to a similar squeeze by imposing a £25 limit on the daily "backwardation" (premium for immediate delivery). The latest squeeze has not yet become so serious as to provoke a repeat of that action, but it has persisted for an uncomfortably long period. And in the five weeks since Mr David King, the LME chief executive, issued his warning the technical tightness appears to have become worse.

By that time that cash price discount to the three months delivery price, which would be regarded as normal when supplies are adequate, had disappeared. But since then the cash/three months spread, far from returning to normal, has moved to a premium of as much as $42 a tonne – it ended yesterday at $39.75.

The three months price closed yesterday at $1,954.75 a tonne, up $23.25 on the week, after being supported by what dealers described as "influential" cash buying.

There was little buying, whether influential or otherwise to support the LME tin market, which continued to wilt under pressure from Chinese exports. The three months delivery price closed yesterday at a 20-year low of $4,642.50 a tonne, down $95 on the week.

The LME nickel market resumed trading after the bank holiday weekend in a less bearish mood and by Wednesday's close the three months position had rallied $60.50 from Friday's 6-year low. The rise continued in early trading on Thursday, but then it ran into merchant selling and profit-taking and by yesterday's close it was at a fresh low of $4,517.50 a tonne, down $27.50 on the week. Dealers noted that a further hefty increase of 1.176 tonnes in LME stocks to a record 107,436 tonnes added to the downward pressure.

A big stocks rise also undermined a tentative rally in the aluminium market, which had recovered modest losses sustained in the first half of the week. News of a 71,475-tonne stocks rise to a new record of 2,113,175 tonnes was not unexpected and was initially shrugged off. Dealers explained that the apparent influx largely reflected the placing on warrant South American metal that was already in the warehouses. Nevertheless the market's defiance eventually gave way and the three months price closed at $1,162.25 a tonne, $down $8.25 on the day and $7.25 on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+71,475	to 2,113,175
Copper	+7,250	to 524,500
Lead	+2,275	to 280,275
Nickel	+1,176	to 107,436
Zinc	+6,450	to 768,950
Tin	-55	to 21,355

For the gold market this was a week of contrasts. It began with the London bullion market price pushing back above the $370-a-troy-ounce support level that gave way late last week, reaching $371.35 an ounce at Tuesday's close. But the speculative sellers were quickly back in the game and they scored a notable success when they forced the December futures position in New York down through $370 on Thursday. That prompted a wave of selling that took the London price to $361.50 at one stage and left it at $364.25 at yesterday's close, down $4.75 on the week.

Gold's breakdown in New York was closely linked to a bout of technical selling in the silver market, which pushed the London price to $4.35 at one time – the two metals are often interlinked in investment fund computer programmes. Unlike gold, however, silver continued Thursday's late rally yesterday and ended yesterday at $4.57½ an ounce, down 12 cents on the week.

At the London Commodity Exchange the robusta coffee market yesterday suffered the technical sell-off that many dealers had been expecting following the dramatic rise of recent weeks. The November futures position, which had risen $180 in two weeks, ended the day $96 lower at $1,228 a tonne, down $53 on the week.

The LCE cocoa market had also shed some of its recent gains, but a £6 rally yesterday left only £5 down on balance at £826 a tonne.

● The LCE announced yesterday that its board had agreed to the launch of a new raw sugar contract, to replace the one that was scrapped in April after failing to make the transition back from screen to floor trading.

Support for listing raw sugar futures has increased following a dispute in the New York market over a decision to allow the delivery of Brazilian crystal sugar as raws, much against the wishes of many traders. The new contract will be designed to trade at a premium over New York raws.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Sep 3	Day's change %	Thu Sep 2	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.88	+0.02	128.85	1.80	7.91
2	5-15 years (23)	156.09	+0.25	155.70	1.73	9.39
3	Over 15 years (9)	175.48	+0.36	174.86	1.52	8.55
4	Irredeemables (6)	203.15	-0.23	203.62	2.41	8.83
5	All stocks (62)	151.44	+0.20	151.14	1.73	8.83
	Index-Linked					
6	Up to 5 years (2)	187.26	+0.08	187.11	0.65	3.41
7	Over 5 years (11)	182.22	+0.32	181.65	0.88	3.42
8	All stocks (13)	181.86	+0.29	181.33	0.84	3.41
9	Debs & Loans (65)	143.82	-0.03	143.87	2.23	7.62

AVERAGE GROSS REDEMPTION YIELDS

			Fri Sep 3	Thu Sep 2	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.35	6.35	8.79	7.22	29/4	6.33	19/2
2	Coupons	15 years	7.05	7.09	8.79	8.37	12/1	7.00	31/8
3	(0%-7¾%)	20 years	7.21	7.23	8.79	8.64	20/1	7.14	31/8
4	Medium	5 years	6.48	6.49	9.45	7.56	11/1	6.45	17/8
5	Coupons	15 years	7.19	7.23	9.02	8.83	19/1	7.15	31/8
6	(8%-10¾%)	20 years	7.30	7.33	8.93	8.65	28/1	7.24	31/8
7	High	5 years	6.67	6.68	9.70	7.78	11/1	6.64	17/8
8	Coupons	15 years	7.45	7.47	9.24	9.11	20/1	7.38	31/8
9	(11%-)	20 years	7.47	7.50	9.11	9.20	20/1	7.40	31/8
10	Irredeemables(Flat Yield)		7.45	7.43	9.00	9.05	20/1	7.35	1 /9
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.51	2.52	4.81	3.03	25/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.25	3.26	4.62	3.89	14/1	3.24	31/8
13	Inflation rate 10%	Up to 5 yrs.	1.74	1.74	3.87	2.31	17/6	0.92	12/2
14	Inflation rate 10%	Over 5 yrs.	3.07	3.09	4.45	3.72	14/1	3.06	31/8
15	Debs &	5 years	7.69	7.74	10.56	8.97	4 /1	8.41	18/3
16	Loans	15 years	8.09	8.10	10.39	9.94	19/1	9.14	10/3
17		25 years	8.25	8.24	10.27	10.10	19/1	9.38	10/3

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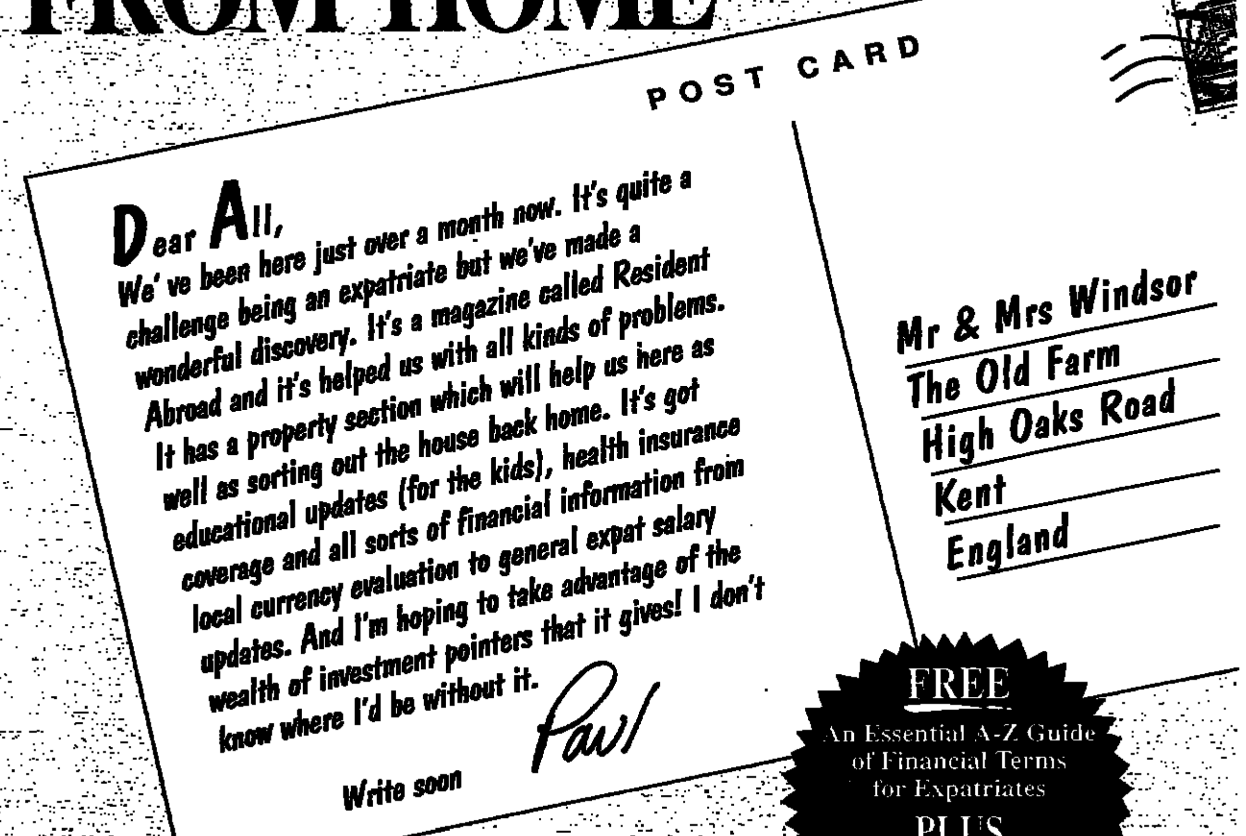

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BNP and Rhône-Poulenc line up long-term investors

By John Ridding in Paris

BANQUE Nationale de Paris and Rhône-Poulenc, the companies that will launch France's privatisation programme this autumn, are lining up long term investors to replace the government on their share registers.

The formation of core shareholding groups is being done in conjunction with the privatisation commission, a body established by the government to value the companies and which must also approve the participation of principal shareholders.

Mr Jean-René Fourtou, chairman of Rhône-Poulenc, the chemicals concern, says he is confident of securing a group of stable investors which will take between 25 and 34 per cent of the company's shares after the state sells its 43 per cent stake.

This core shareholding, says Mr Fourtou, should include Assurances Générales de France, the insurance group, and Crédit Lyonnais, one of France's largest banks. Both are state-controlled and already hold stakes in Rhône-Poulenc. AGF has 7.7 per cent and Crédit Lyonnais 8.6 per cent.

Other core investors could include foreign institutions and French industrial companies. But Mr Fourtou admits that most French industrial groups might find it difficult to raise the necessary capital to take a significant stake.

BNP, which will be the first company to be privatised, has given fewer indications about the size and composition it desires for a core shareholding. Its task may also be more difficult since the state holds 73 per cent of its shares, a much larger proportion than it holds in Rhône-Poulenc.

One of its principal shareholders, however, seems certain to be Union des Assurances de Paris, the state-controlled insurance group which currently holds a 10 per cent stake in BNP.

Les Echos, the French financial daily, reported yesterday that this stake will be increased to 15 per cent at the time of privatisation. BNP declined to comment on the report. But banking analysts in Paris said that such an increase was possible given that BNP is itself due to increase its stake in UAP from 10 to 20 per cent by buying the state's 49.9 per cent stake in Financiére BNP.

Another potential core shareholder in BNP is Dresdner Bank. The French and German banks have a joint agreement, which has led to an exchange of board members, and have expressed their intention to exchange shareholdings of about 10 per cent.

But official sources in Paris said that size of the cross-shareholding had not been finalised and that Dresdner may wait until after privatisation before taking a stake in BNP.

Japanese stores dip sharply

By Emiko Terazono in Tokyo

JAPAN'S prolonged slump in consumer spending has hit Marui and Tokyu Department Stores, two leading department stores, which reported sharp falls in mid-term sales and profits yesterday.

Marui, a retailer popular among younger customers, posted a 29.9 per cent fall in non-consolidated pre-tax profits for the six months to July to Y15.4bn ($145.28m) on a 7.2 per cent fall in sales to Y249.1bn.

After-tax profits declined 29.5 per cent to Y8.4bn.

Tokyu Department Store saw non-consolidated half-year pre-tax profits plunge 44.9 per cent to Y2.1bn on a 10.9 per cent fall in sales to Y170.8bn and a 38.5 per cent fall in after-tax profits to Y1bn.

Department stores have been hit hard by the current economic slump as Japanese consumers have tightened their belts and have turned to discount retailers and cheaper specialty stores.

The bad summer weather has also affected sales of clothing and electric appliances, adding to the profit decline.

Last week, Mitsukoshi warned it would post a pre-tax loss for the current business year.

For the full year to next January, Marui projects a 14.2 per cent fall in pre-tax profits to Y30bn on a 3.5 per cent decline in sales to Y520bn.

Tokyu Department Store expects a 40.2 per cent fall in pre-tax profits to Y4bn on a 8.1 per cent decline in sales to Y348bn.

Income jumps by 52.3% at Espiritu Santo

By Peter Wise in Lisbon

ESPIRITO Santo Financial Holding, one of the largest financial groups in Portugal, yesterday reported a 52.3 per cent rise in first-half consolidated income to $19.5m.

The group said the increase was due to a higher percentage of ownership in Banco Espirito Santo, higher non-interest income from banking and related activities, improved insurance results, as well as the effects of a strict cost control programme.

At the same time, growth of net income was adversely affected by the strength of the US dollar against European countries.

Fierce competition hits Thai cement producer

By Victor Mallet in Bangkok

SIAM Cement (SCC), Thailand's largest cement producer, blames fierce competition and aggressive depreciation of its new plant for a 41 per cent fall in first-half net profits.

Group net profit tumbled to Bt1.55bn ($61.6m) in the six months from Bt2.62bn in the same period last year.

Sales rose to Bt20.8bn from Bt17.03bn.

Analysts said the profits had been hit by foreign exchange losses, the cost of increased dealer discounts and promotions and rapid depreciation of new plant, including an estimated Bt500m charge for the new Khao Wong cement plant.

SCC said consolidated results were affected by the cost of establishing new companies in the group such as Siam Guardian Glass and Tilecera.

However, second-quarter consolidated earnings rose 23 per cent to Bt856m over the first quarter, while unconsolidated earnings rose 55 per cent to Bt926m over the quarter, suggesting some recovery from a low point earlier this year.

"I'm becoming less pessimistic than I was six months ago about the possibility of a major price war," said Mr George Morgan, country manager for HG Asia in Thailand, "and becoming more bullish on SCC as a result."

Yamaichi Securities to compensate its clients

By Emiko Terazono in Tokyo

YAMAICHI Securities, one of Japan's Big Four stockbrokers, is to reimburse investors who blamed improper sales techniques by the broker for losses on investments in mortgage-linked funds.

Yamaichi will repay up to Y10bn ($94.33m) to clients, who claim to have not received information on the risks concerning the investment product.

Mr Ryuji Shirai, senior managing director, said there was a "high possibility" that sales staff had breached industry regulations, which require brokers to warn investors of risks involved in investment products.

Nomura Securities last year paid out over Y20bn compensation to investors who made similar claims over foreign property-backed securities.

Yamaichi sold Y290bn worth of "Mortgage Jumbo" investment trust funds in 1991, of which Y170bn fell short of their principal value.

Japan's ailing securities industry was hit with further problems yesterday as the Securities and Exchange Surveillance Commission, the securities watchdog, recommended that the government punish Yamaichi Securities, Kyosei Securities, and Universal Securities, for manipulating the stock price of Nihon Unisys in 1990 and 1991.

Meanwhile, the Japan Securities Dealers' Association ordered Cosmo Securities to pay a Y40m penalty for tobashi deals, or manipulation of investors' accounts to hide unrealised losses.

Cosmo has been bailed out by Daiwa Bank due to extraordinary losses of Y69.8bn from the tobashi deals.

The association also fined Daiwa Securities Y25bn for a fraud scandal involving a former manager of a branch in suburban Tokyo.

● The Japanes finance ministry has given the go-ahead to subsidiaries owned 100 per cent by Japan's Big Four brokerages and Bank of Tokyo to start ordinary banking and trust business nexct month.

They are: Nomura Trust and Banking, a subsidiary of Nomura Securities; Daiwa International Trust Bank, a subsidiary of Daiwa Securities; Nikko Trust and Banking Corp and Yamaichi Trust and Bank Ltd, subsidiaries of Nikko Securities and Yamaichi Securities respectively; and Tokyo Trust Bank, a Bank of Tokyo subsidiary.

Attitude the key to colony's destiny

Simon Davies on how Hong Kong's taipans are preparing for 1997

IT IS still four years to go before Hong Kong leaves the British Empire, but the colony's influential British-style trading companies – or "hongs" – have already carved out their destiny under the future sovereign, China.

Of the four major hongs – Hutchison Whampoa, Jardine Matheson, Swire Pacific and Wharf/Wheelock Marden – only the Princely house of Jardine has failed to draw up favourable alliances with the future sovereign power.

For the hongs, which thrive on government land grants and infra-structural franchises, politics is of key importance and the potential implications of the China relationships can be seen already.

Wharf's Cable Television franchise gained rapid Chinese approval, while opposition continues against a new Container Terminal "franchise", to be part owned by Jardine – the Hong Kong government had awarded the contract, claiming that no approval was needed.

The British corporate grip on Hong Kong has been declining for some time. The so-called "colonial amateurs", who ran many of the old hongs, could not survive the more competitive and volatile atmosphere of the 1970s and 1980s; their businesses were bought up by the newly-rich Chinese property and shipping magnates.

Mr Li Ka-shing purchased the restructured Hutchison Group in 1979, the year in which the late Sir Y.K.Pao bought into the Wharf group, which he later expanded through the acquisition of Wheelock Marden, in 1985.

The changes have accelerated since Deng Xiaoping visited southern China in 1991, sparking off a surge in investment across the border.

This partly reflected the economic domination of the colony by China, and the need to expand beyond the limited confines of Hong Kong. But it also reveals an attitude that to continue to play a significant role in Hong Kong, companies must show commitment to China. The expatriate is at a definite disadvantage in developing either political or business links.

Last Tuesday, Mr Simon Murray, one of the last of Hong Kong's taipans – the traditional British managing directors of the trading companies – was replaced by a Hong Kong Chinese co-director, Canning Fok, symbolising the end of expatriate influence for another of the colony's major conglomerates.

Mr Murray, was instrumental in Hutchison's expansion outside Asia, but he admitted he would have had a lesser role to play in the group's investment push into China.

Sir Adrian Swire (left), a regular visitor to Beijing and a committed Hong Kong investor, and Li Ka-shing, who is at the forefront of negotiations by Hutchison, of which he is chairman

Hutchison has already started to develop container terminals, power stations, property projects and a retail network; and it has been the chairman Li Ka-shing who is at the forefront of negotiations.

Wharf's chairman Peter Woo, has also made great strides in building on the Beijing contacts of his influential late father-in-law Sir Y.K.Pao. He signed up agreements for Wharf to transform the city of Wuhan, into a major containerisation centre for central China, with infra-structural links to Hong Kong's container port.

In recognition of their efforts, Peter Woo was appointed an adviser on Hong Kong affairs to China, while Mr Li is a member of the Preliminary Working Committee, China's new body on Hong Kong affairs.

If anything, this has increased their influence in Hong Kong, where Mr Woo and the eldest son of Mr Li are also on the 18-member business panel selected by Governor Christopher Patten.

For the British-owned houses, with their cultural and linguistic differences, the barriers are great; but they have tackled the potential problem in a totally different manner.

Sir Adrian Swire – whose family controls 27 per cent of Hong Kong-based Swire Pacific – has for years been a regular visitor to Beijing, and the company is regarded in China as being a committed long-term investor in Hong Kong.

In 1987, it cemented this relationship by selling a 12.5 per cent stake in its airline Cathay Pacific to the mainland-controlled Citic group. Subsequently, China Travel Service and China National Aviation Corporation have both been brought in as 5 per cent shareholders, leaving the airline with three extremely influential backers.

The symbolic removal of the Union Jack from the tailplane of Cathay's fleet has already begun, and the China links were further cemented last year, when Swire jointly purchased a HK$2.85bn (US$36.8m) property site with Citic Pacific.

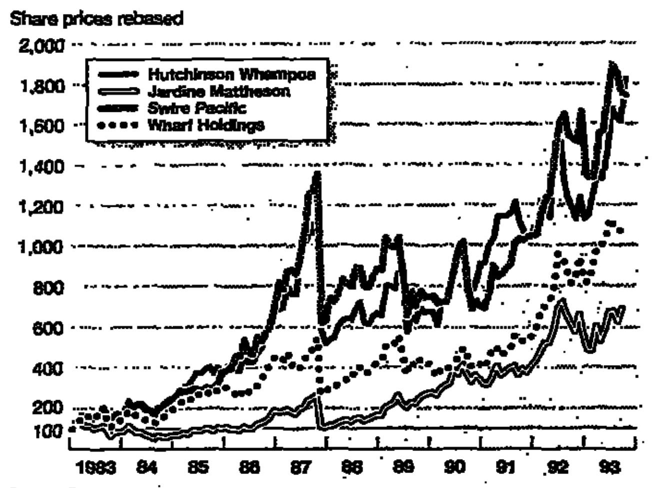
The extent of the contrast with the experience of Jardine, controlled by the Keswick family, was shown last year, when a Chinese official launched a tirade against its opium trading past. Jardine's difficulties stem from China's sensitivity to the concepts of sincerity and trust.

During the 1980s, Jardine shared widespread concerns over the possibility of post-1997 political change in Hong Kong. But it was alone in stridently voicing those concerns through its move of domicile to Bermuda and its push for a primary listing in London. In international terms, this could be deemed prudent; but in China, it could prove unforgivable.

Jardine director Sir Charles Powell has been on diplomatic missions to Beijing to improve relationships, but as a former political adviser to Mrs Margaret Thatcher, this has done little to erase the view that Jardine is a British, rather than Hong Kong, company.

However, Hong Kong has always had a preponderence of cozy business cartels, which contrast starkly with its laissez-faire reputation; and it appears the primary requirement for membership of any post-1997 "club" will be Chinese attitude, if not Chinese race. The realignment of the hongs suggests that membership will definitely have its privileges.

How the 'Hongs' performed



Source: Datastream

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$364.25	-4.75	$341.50	$405.75	$326.05
Silver Per troy oz	299.80p	-14.7	188.47p	362.50p	236.00p
Aluminium 99.7% (cash)	$1142.0	-8.5	$1278.0	$1240.00	$1108.00
Copper Grade A (cash)	$1994.5	+25.0	£1251.5	$2375.00	$1108.50
Lead(cash)	$378.0	-10.5	£326.0	$460.00	$376.50
Nickel (cash)	$4467.5	-27.5	$7080.0	$6340	$4467.5
Zinc SHG (cash)	$871.5	-13.0	$1436.75	$1112	$868.0
Tin (cash)	$4597.5	-95.0	$6735.0	$6047.5	$4597.5
Cocoa Futures (Dec)	£826	-5	£631	£831	£663
Coffee Futures (Nov)	$1228	-53	$788	$1281	$836
Sugar (LDP Raw)	$242.0	-4.9	$249.4	$317.4	$204.5
Barley Futures (Jan)	£103.85	-0.45	£112.75	£110.30	£101.50
Wheat Futures (Jan)	£105.25	-0.55	£115.80	£149.45	£104.25
Cotton Outlook A Index	55.00c	-0.65	57.05c	62.35c	54.60c
Wool (64s Super)	327p	-3	368p	403p	330p
Oil (Brent Blend)	$16.61x	-0.74	$20.15	$19.53	$16.46

Per tonne unless otherwise stated. p-pence/kg. c-cents lb, x-Oct.

COCOA – LCE £/tonne	Close	Previous	High/Low	
Sep	793	791	798	788
Dec	826	820	831	815
Mar	846	842	853	836
May	856	853	862	847
Jul	866	863	882	858
Sep	876	873	877	868
Dec	892	887	896	885
Mar	904	900	909	901
May	916	910	912	910

Turnover: 6991 (5993) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 2 832.30 (846.66) 10 day average for Sep 3 827.97 (824.50)

COFFEE – LCE $/tonne	Close	Previous	High/Low	
Sep	1300	1339	1330	1301
Nov	1228	1264	1260	1226
Jan	1190	1225	1221	1188
Mar	1181	1212	1211	1179
May	1172	1203	1199	1175
Jul	1170	1210	1203	1180

Turnover: 4899 (3195) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 2 Comp. daily 70.54 (70.83) 15 day average 68.80 (68.39)

POTATOES – LCE £/tonne	Close	Previous	High/Low	
Apr	79.7	78.8	80.0	79.5

Turnover 13 (20) lots of 20 tonnes.

SOYAMEAL – LCE £/tonne	Close	Previous	High/Low
Oct	-	-	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – LCE $10/index point	Close	Previous	High/Low	
Sep	1405	1390	1410	1400
Oct	1446	1434	1446	1427
Nov	1473	1448	1473	1453
Jan	1464	1445	1464	1450
Apr	1515	1503	1515	
BFI	1409	1414		

Turnover 170 (168)

GRAINS – LCE £/tonne	Close	Previous	High/Low	
Wheat	Close	Previous	High/Low	
Nov	103.15	102.16	103.15	102.80
Jan	105.25	104.25	105.25	104.75
Mar	107.25	106.20	107.20	106.70
May	109.40	108.40	109.40	108.75
Barley	Close	Previous	High/Low	
Nov	102.10	101.65	102.10	102.00
Jan	103.85			

Turnover: Wheat 453 (754) Barley 9 (58).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg	Close	Previous	High/Low
Sep	98.8	98.8	

Turnover:0 (0)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 24,354 lots
Cash	1141.5-2.5	1148.5-8.5	1141	1141-1.5		
3 months	1162-2.5	1169-70	1165/1160.5	1161.5-2	1161-2	244,241 lots
Copper, Grade A ($ per tonne)						Total daily turnover 54,158 lots
Cash	1994-5	1986-8	1995	1995.5-6		
3 months	1954.5-5	1952-4	1956/1947	1953-4	1953-4	184,540 lots
Lead ($ per tonne)						Total daily turnover 3,684 lots
Cash	377.5-8.5	382.5-3		379.5-80		
3 months	391.5-2	396.5-6	398/392	393.5-4	396-9	23,221 lots
Nickel ($ per tonne)						Total daily turnover 49,542lots
Cash	4465-70	4540-5		4475-85		
3 months	4515-20	4595-6	4610/4510	4525-35	4535-40	46,585 lots
Tin ($ per tonne)						Total daily turnover 2,164 lots
Cash	4595-600	4630-5	4610	4600-5		
3 months	4640-5	4675-80	4670/4635	4650-5	4645-50	10,918 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 53,701 lots
Cash	871-2	869-70	868	868-8.5		
3 months	887-8	884.5-5	889/882	884-4.5	889-90	61,805 lots
LME Closing £/$ rate: SPOT: 1.5263		3 months: 1.5163		6 months: 1.5080		9 months: 1.5015

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild) Gold (troy oz)	$ price	£ equivalent
Close	364.00-364.50	
Opening	363.25-363.75	
Morning fix	363.70	242.224
Afternoon fix	362.80	240.026
Day's high	365.25-365.75	
Day's low	362.50-363.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.71	6 months	2.61
2 months	2.65	12 months	2.61
3 months	2.63		

Silver fix	p/troy oz	US cts equiv
Spot	303.55	455.50
3 months	307.85	458.85
6 months	311.85	462.50
12 months	320.30	470.65

GOLD COINS	$ price	£ equivalent
Krugerrand	363.00-366.00	242.00-245.00
Maple leaf	374.30-378.70	-
New Sovereign	86.00-89.00	57.00-60.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1125	35	87	9	19
1150	20	51	18	28
1175	10	36	33	39
Copper (Grade A)	Calls		Puts	
1900	87	91	11	56
1950	52	66	26	80
2000	27	47	51	110
Coffee	Nov	Jan	Nov	Jan
1200	80	82	52	92
1250	56	64	78	124
1300	39	49	111	159
Cocoa	Dec	Mar	Dec	Mar
775	71	101	20	30
800	55	85	29	39
825	41	70	40	49
Brent Crude	Oct	Nov	Oct	Nov
1700	10	39	46	60
1750	6	22		
1800	3	10		

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$14.43-4.48u	-0.12
Brent Blend (dated)	$16.30-6.32	-0.21
Brent Blend (Oct)	$16.60-6.62	-0.19
W.T.I (1 pm est)	$17.78-7.81u	-.185
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$180-182	-1
Gas Oil	$162-163	-2.5
Heavy Fuel Oil	$63-64	+0.5
Naphtha	$157-158	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$364.25	-0.25
Silver (per troy oz)♣	457.50c	+8.50
Platinum (per troy oz)	$371.0	-8.75
Palladium (per troy oz)	$122.0	-0.20
Copper (US Producer)	91.50c	+1.50
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	11.70m	
Tin (New York)	214.0c	-0.5
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	127.43p	-1.88*
Sheep (live weight)†♠	83.22p	+0.80*
Pigs (live weight)†	68.95p	-3.64*
London daily sugar (raw)	$242.00	-1.60
London daily sugar (white)	$282.00	+1.00
Tate and Lyle export price	$271.50	-1.00
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£172.0	
Wheat (US Dark Northern)	£168.5u	
Rubber (Oct)♥	62.00p	+0.50
Rubber (Nov)♥	62.50p	+0.50
Rubber (KL RSS No 1 Jul)	214.0m	+0.5
Coconut oil (Philippines)§	$437.5v	-2.5
Palm Oil (Malaysian)§	$355.0	
Copra (Philippines)§	$290.0	
Soyabeans (US)	£195.0	-1.0
Cotton "A" index	55.00c	+0.55
Wooltops (64s Super)	327p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Sep v-Sep/Oct u-Oct t-Oct/Dec x-Aug/Sep ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – LCE ($ per tonne) White	Close	Previous	High/Low	
Oct	266.00	265.50	267.00	265.00
Dec	260.00	259.00	261.00	259.30
Mar	263.70	262.30	264.50	262.50
May	266.80	264.50	266.80	

White 1622 (879) Paris- White (FFr per tonne): Oct 1520.92 Dec 1492.63

CRUDE OIL – IPE $/barrel	Latest	Previous	High/Low	
Oct	16.63	16.68	16.76	16.55
Nov	16.84	16.91	16.97	16.76
Dec	17.04	17.11	17.14	16.96
Jan	17.19	17.25	17.27	17.18
Feb	17.35	17.39	17.35	17.29
Mar	17.46	17.50	17.49	17.40
Apr	17.50	17.65	17.50	
May	17.62	17.72	17.62	
Jun	17.75	17.78	17.75	
IPE Index	16.78	16.93		

Turnover 28751 (30165)

GAS OIL – IPE $/tonne	Close	Previous	High/Low	
Sep	160.00	161.75	163.25	160.00
Oct	162.25	163.75	163.50	162.00
Nov	164.25	165.50	165.50	164.25
Dec	166.25	167.75	167.50	166.25
Jan	168.25	169.50	169.00	168.00
Feb	168.00	169.50	168.50	168.00
Mar	166.25	167.25	167.00	166.00
Apr	165.00	165.75	165.25	165.00
Jun	162.25	163.00	162.25	162.00

Turnover 9965 (11198) lots of 100 tonnes

SPICES

The markets for black and white pepper continued very firm and active, reports Man Production. Among the whites Muntok/Sarawak f.a.q. was quoted at US$3,800 a tonne for both August/September and September/October delivery. Sarawak black label black pepper, spot, fetched $1,950 a tonne, with August/September at $1,925; the yellow label spot price was $2,075 a tonne, with August/September at $2,000. Brazil grade 1 spot was $1,900a tonne and August/September $1,775; Indian MG-1 spot was $1,900 and August/September $1,850; Thai f.a.q. spot was $1,800; Vietnamese f.a.q. spot was $1,800.

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Sep	364.5	363.6	0	0
Oct	365.3	364.5	366.1	363.5
Nov	366.2	365.4	0	0
Dec	367.1	366.3	367.9	365.0
Feb	368.7	368.0	369.0	368.8
Apr	370.3	369.6	371.4	368.5
Jun	372.0	371.3	371.5	370.6
Aug	373.6	372.9	372.2	372.0
Oct	375.3	374.7	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Oct	372.1	373.1	373.8	369.0
Jan	372.8	373.6	374.5	369.0
Apr	373.6	374.2	375.0	372.5
Jul	374.4	375.0	375.5	372.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Sep	452.1	456.8	456.5	448.0
Oct	453.3	458.0	452.0	452.0
Nov	455.7	460.4	0	0
Dec	456.3	461.0	464.0	451.0
Jan	456.8	461.5	0	0
Mar	460.7	465.4	467.0	456.5
May	463.8	468.6	472.0	464.0
Jul	466.7	471.5	472.5	468.0
Sep	469.8	474.7	473.5	473.5
Dec	474.7	479.7	479.0	472.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	86.45	86.45	86.70	86.20
Oct	86.55	86.55	86.60	86.45
Nov	86.60	86.65	0	0
Dec	86.65	86.75	87.10	86.45
Jan	86.65	86.75	0	0
Feb	86.70	86.75	0	0
Mar	86.80	86.85	87.10	86.60
Apr	86.90	86.85	0	0
May	86.90	86.90	0	0
Jun	86.90	86.90	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Oct	17.84	17.97	18.01	17.72
Nov	18.15	18.27	18.32	18.04
Dec	18.39	18.49	18.47	18.29
Jan	18.56	18.66	18.61	18.46
Feb	18.68	18.79	18.72	18.62
Mar	18.77	18.91	18.85	18.76
Apr	18.88	19.01	18.88	18.88
May	18.96	19.10	19.00	18.96
Jun	19.13	19.18	19.18	19.07
Jul	19.23	19.26	19.27	19.23

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Oct	53.15	53.20	53.55	52.70
Nov	54.10	54.16	54.20	53.65
Dec	54.90	55.07	55.05	54.65
Jan	55.50	55.67	55.65	55.25
Feb	55.55	55.77	55.55	55.50
Mar	54.90	55.07	55.00	54.80
Apr	53.97	53.97	0	0
May	53.17	53.17	0	0
Jun	51.35	52.72	0	0
Jul	52.97	52.97	0	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	987	981	1024	985
Dec	1086	1057	1091	1062
Mar	1135	1103	1138	1110
May	1163	1131	1157	1135
Jul	1183	1151	1173	1173
Sep	1201	1169	0	0
Dec	1221	1189	1205	1205
Mar	1251	1219	0	0
May	1274	1242	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Sep	73.35	75.45	74.45	72.60
Dec	76.25	78.00	77.30	75.40
Mar	78.45	80.30	79.70	77.70
May	79.70	81.50	80.60	79.25
Jul	81.15	82.75	82.10	81.40
Sep	82.40	83.90	0	0
Dec	86.00	88.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	9.11	9.09	9.20	9.10
Mar	9.51	9.47	9.59	9.51
May	9.65	9.64	9.73	9.65
Jul	9.76	9.72	9.81	9.75
Oct	9.79	9.74	9.83	9.79

COTTON 50,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	55.40	55.77	55.70	55.15
Dec	56.76	57.23	57.18	56.60
Mar	58.40	58.75	58.60	58.20
May	59.10	59.35	58.90	58.80
Jul	59.62	59.90	59.85	59.55
Oct	60.04	60.35	0	0
Dec	60.05	60.35	60.10	60.06

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	121.60	122.05	124.50	121.50
Nov	125.35	125.10	128.00	124.50
Jan	126.50	126.15	128.50	125.80
Mar	127.60	127.75	129.30	127.00
May	127.90	129.00	130.15	127.90
Jul	128.50	129.25	130.00	130.00
Sep	128.50	129.26	0	0
Nov	128.50	129.26	0	0
Jan	128.50	129.26	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Sep 3	Sep 2	mnth ago	yr ago
1639.5	1628.1	1655.0	1518.2

DOW JONES (Base: Dec. 31 1974 = 100)	Sep 2	Sep 1	mnth ago	yr ago
Spot	122.60	122.79	125.03	118.32
Futures	126.04	125.57	128.93	116.17

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Sep	661/0	658/4	662/0	657/0
Nov	663/2	661/0	665/2	658/0
Jan	668/2	666/4	670/4	663/4
Mar	673/6	672/0	675/2	669/0
May	675/6	674/0	677/0	672/0
Jul	678/6	676/0	680/0	674/0
Aug	676/0	673/4	676/0	673/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Sep	23.79	23.55	23.82	23.55
Oct	23.86	23.63	23.92	23.64
Dec	24.05	23.83	24.13	23.86
Jan	24.14	23.92	24.18	23.96
Mar	24.23	24.04	24.28	24.05
May	24.25	24.06	24.29	24.15
Jul	24.19	24.03	24.26	24.13
Aug	24.00	23.86	24.00	24.00

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Sep	207.9	208.4	209.4	207.1
Oct	206.4	206.4	207.6	205.9
Dec	206.5	206.6	207.6	205.9
Jan	206.8	206.7	207.5	206.2
Mar	207.9	207.7	208.5	207.0
May	207.7	207.7	209.0	207.2
Jul	208.5	208.9	209.5	207.9
Aug	207.0	207.0	207.5	207.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Sep	229/4	227/0	229/6	226/4
Dec	236/6	235/2	237/2	234/2
Mar	245/0	243/6	245/4	243/0
May	250/0	249/0	250/4	248/4
Jul	253/0	252/0	253/2	251/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Sep	301/6	304/2	304/0	301/4
Dec	310/2	312/2	312/2	310/0
Mar	314/2	315/4	316/0	314/0
May	308/2	310/4	310/4	308/0
Jul	299/0	301/0	302/0	298/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	76.250	76.150	76.350	75.900
Dec	75.950	76.000	76.100	75.675
Feb	76.275	76.275	76.350	76.150
Apr	76.950	77.100	77.050	76.900
Jun	73.600	73.700	73.700	73.575
Aug	72.350	72.450	72.550	72.350

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Oct	48.225	47.125	48.250	47.150
Dec	48.000	46.750	48.175	46.800
Feb	46.675	46.025	46.950	46.100
Apr	44.725	44.250	44.800	44.250
Jun	49.450	49.200	49.450	49.100
Jul	48.500	48.150	48.500	48.250
Aug	47.075	47.075	47.250	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	52.100	50.350	52.300	50.250
Mar	51.500	49.975	51.700	50.475
May	52.850	51.100	52.850	51.700
Jul	52.450	50.450	52.450	51.250
Aug	52.500	50.850	52.500	51.000

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weakens on payroll

NEW questions were raised about the direction of the dollar/D-Mark exchange rate yesterday after the US non-farm payroll figure for August turned out to be a great deal worse than the market had expected, *writes James Blitz.*

The market had been anticipating a net rise in the payroll figure by 144,000 in August, but it turned out to be a drop of 39,000 on the month. There were a few silver linings in the report, with an upward revision to the July payroll increase from 162,000 to 211,000.

But the overall impact of the data could not fail to push the dollar down, especially since they are seen as a precursor to the figures for the US economy that will come out later this month.

Having been at DM1.6518 against the German currency at the start of the day, the dollar dropped to a low of DM1.6175 and later closed at DM1.6225. Against the yen, the dollar also weakened, closing at Y105.00 from a previous Y105.85.

Mr Marc Hendriks, head of international interest rate research at Swiss Bank Corporation, believes that the dollar is heading downwards.

He believes that pressure on the dollar will come from the fact that institutional investors' portfolios are heavily overweight in dollars – perhaps to the tune of 10 per cent.

Late last month, Mr Michael R. Rosenberg, Managing Director of International Fixed Income Research at Merrill Lynch, gave a presentation in London at which he claimed that global investors had a net exposure of 66.75 to the dollar on his index, up from 48.50 in November 1991. A reading of 50.00 would be neutral, and anything above that suggests an overweight psoition.

In Europe, the focus of attention was again on heavy selling of the Belgian franc, despite another round of sustained intervention from the central bank of Belgium. Again, the market perceived flaws in a high interest rate policy to defend the currency, and this weakened the franc.

The Belgian currency fell from a close of BFr21.49 against the D-Mark on Thursday night to as low as BFr21.83 yesterday. It later closed at BFr21.77. The currency slid sharply in the exchange rate mechanism grid. On Thursday evening, some 4.01 percentage points had separated it from the weakest currency, the Danish krone. Last night, that differential amounted to only 2.73 percentage points.

The French franc was one of several European currencies which weakened. It closed at FFr3.525 to the D-Mark from a previous FFr3.522. Sterling closed at DM2.4775 from a previous DM2.4750.

£ IN NEW YORK

Sep 3	Latest	Previous Close
£ Spot	1.5280-1.5290	1.5020 1.5030
1 month	0.35-0.34pm	0.36 0.35pm
3 months	1.02-1.00pm	1.01 1.00pm
12 months	3.08-3.02pm	3.00 2.95pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep 3	Previous
8.30 am	80.6	80.7
9.00 am	80.5	80.8
10.00 am	80.6	80.7
11.00 am	80.6	80.7
Noon	80.5	80.6
1.00 pm	80.6	80.7
2.00 pm	80.8	80.4
3.00 pm	80.8	80.5
4.00 pm	81.3	80.5

CURRENCY RATES

Sep 3	Bank ♣ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.937686	0.770961
US Dollar	3.00	1.40606	1.15614
Canadian $	4.67	1.86656	1.53384
Austrian Sch	6.25	16.3511	13.4170
Belgian Franc	6.00	49.8976	41.2152
Danish Krone	9.26	9.58089	7.86839
D-Mark	6.75	2.32281	1.90629
Dutch Guilder	5.75	2.61179	2.14163
French Franc	10	8.17413	6.70619
Italian Lira	9.00	2250.76	1849.27
Japanese Yen	2.50	147.988	122.299
Norway Krone	-	10.1363	8.32874
Spanish Peseta	-	189.396	156.117
Swedish Krona	11.50	11.4896	9.39828
Swiss Franc	4.50	2.04441	1.67467
Greek Drach	19	N/A	270.031
Irish Punt	-	N/A	0.822008

♣ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Sep. 2

CURRENCY MOVEMENTS

Sep 3	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	81.3	-28.90
U.S Dollar	64.9	-11.80
Canadian Dollar	90.3	-11.26
Austrian Schilling	116.6	+17.04
Belgian Franc	110.7	-1.53
Danish Krone	111.5	+5.83
D-Mark	126.6	+33.70
Swiss Franc	115.7	+24.05
Dutch Guilder	121.1	+22.62
French Franc	108.5	-9.33
Lira	78.0	-35.65
Yen	183.1	+124.65
Peseta	86.9	-33.54

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for Sep. 2

OTHER CURRENCIES

Sep 3	£	$
Argentina	1.5135 - 1.5150	1.0005 - 1.0015
Australia	2.3380 - 2.3400	1.5470 - 1.5480
Brazil	149.360 - 149.360	98.7500 - 98.7510
Finland	8.8120 - 8.8935	5.8400 - 5.8600
Greece	346.500 - 353.550	231.000 - 235.700
Hong Kong	11.6935 - 11.7055	7.7500 - 7.7510
Iran	2305.00 - 2315.00	1582.00 - 1584.00
Korea(Sth)	1202.60 - 1222.00	804.20 - 810.60
Kuwait	0.45300 - 0.45400	0.30010 - 0.30060
Luxembourg	53.90 - 54.00	35.30 - 35.40
Malaysia	3.8440 - 3.8510	2.5510 - 2.5530
Mexico	4.7055 - 4.7085	3.1110 - 3.1130
N.Zealand	2.7770 - 2.7800	1.8360 - 1.8380
Saudi Ar	5.6570 - 5.6690	3.7495 - 3.7505
Singapore	2.4230 - 2.4290	1.6045 - 1.6055
S.Af (Cm)	5.1095 - 5.1280	3.3930 - 3.3945
S.Af (Fn)	7.1770 - 7.1930	4.7450 - 4.7550
Taiwan	40.70 - 40.85	26.90 - 27.00
U.A.E.	5.5960 - 5.5510	3.6715 - 3.6735

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5265	1.5229	1.5162	1.5085	1.4955
D-mark	2.4775	2.4784	2.4823	2.4855	2.4864
French Fr.	8.7350	8.7502	8.7725	8.7919	8.7891
Swiss Fr.	2.1825	2.1866	2.1756	2.1704	2.1559
Yen	160.25	159.85	159.01	157.68	155.89

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 3	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.14163	-2.51	8.53	-
D-Mark	1.94964	1.90629	-2.22	8.21	-
Spanish Peseta	154.250	156.117	1.21	4.54	-8
Portuguese Escudo	192.854	196.261	1.78	3.96	-12
Irish Punt	0.808628	0.822008	1.78	3.95	-12
Belgian Franc	40.2123	41.2152	2.49	3.23	-18
French Franc	6.53883	6.70619	2.56	3.16	-21
Danish Krone	7.43679	7.86839	5.80	0.00	-40

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. ‡Indicative values only. Divergence indicators are based on 15% band fluctuations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4985 - 1.5310	1.5260 - 1.5270	0.37-0.35cpm	2.83	1.04-1.01pm	2.69
Canada	1.9840 - 2.0340	2.0255 - 2.0265	0.23-0.18cpm	1.21	0.46-0.37pm	0.82
Netherlands	2.7745 - 2.7920	2.7775 - 2.7875	1/8-1/4cdis	-0.81	1/4-1/2dis	-0.54
Belgium	53.00 - 54.15	53.90 - 54.00	32-41cdis	-8.12	83-99dis	-6.75
Denmark	10.2010 - 10.3090	10.2300 - 10.2400	5 3/4-7 1/2oredis	-7.77	13 3/4-15 5/8dis	-5.76
Ireland	1.0650 - 1.0835	1.0710 - 1.0720	0.07-0.11cdis	-1.01	0.18-0.25dis	-0.80
Germany	2.4675 - 2.4835	2.4750 - 2.4800	1/8-1/4pfdis	-0.91	3/8-1/2dis	-0.71
Portugal	254.05 - 258.75	254.70 - 255.70	73-137cdis	-4.94	274-380dis	-5.20
Spain	200.50 - 203.70	202.25 - 202.55	68-88cdis	-4.62	208-238dis	-4.41
Italy	2396.40 - 2429.80	2422.75 - 2423.75	6-8liredis	-3.47	19-22dis	-3.38
Norway	10.7800 - 11.5300	10.8450 - 10.8550	par-1oredis	-0.55	1/4-2dis	-0.41
France	8.6695 - 8.7735	8.7300 - 8.7400	1 1/2-2cdis	-2.40	3 3/4-4 1/4dis	-1.83
Sweden	12.0690 - 12.2950	12.2125 - 12.2225	1 1/2-3 1/4oredis	-2.33	5 3/4-7 1/2dis	-2.17
Japan	158.20 - 160.75	159.75 - 160.75	1/2-3/8ypm	3.28	1 1/8-1 1/8pm	2.96
Austria	17.35 - 17.54	17.38 - 17.41	3/4-1 1/4grodis	-0.86	2 5/8-4 1/2dis	-0.82
Switzerland	2.1675 - 2.1875	2.1775 - 2.1875	1/4-1/8cpm	1.03	3/4-1/2pm	1.15
Ecu	1.3065 - 1.3290	1.3130 - 1.3140	0.25-0.39cdis	-2.47	0.66-0.72dis	-2.10

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.82-1.77pm . 12 Month 3.15-3.05pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4985 - 1.5310	1.5260 - 1.5270	0.37-0.35cpm	2.83	1.04-1.01pm	2.69
Ireland†	1.4000 - 1.4280	1.4240 - 1.4250	0.49-0.46cpm	4.00	1.28-1.24pm	3.55
Canada	1.3225 - 1.3295	1.3285 - 1.3295	0.15-0.18cdis	-1.49	0.53-0.60dis	-1.70
Netherlands	1.8185 - 1.8555	1.8225 - 1.8235	0.54-0.57cdis	-3.65	1.51-1.57dis	-3.38
Belgium	35.30 - 36.70	35.30 - 35.40	30.00-35.00cdis	-11.09	78.00-88.00dis	-9.28
Denmark	6.7025 - 6.8280	6.7025 - 6.7075	5.30-6.30oredis	-10.38	14.00-15.30dis	-8.74
Germany	1.6170 - 1.6520	1.6220 - 1.6230	0.51-0.52pfdis	-3.81	1.40-1.42dis	-3.48
Portugal	167.05 - 169.90	167.15 - 167.25	116-123cdis	-8.58	330-350dis	-8.13
Spain	132.65 - 135.45	133.00 - 133.10	84-89cdis	-7.80	2.40-2.50dis	-0.07
Italy	1586.25 - 1606.00	1587.25 - 1587.75	8.60-9.00liredis	-6.61	24.50-25.00dis	-6.24
Norway	7.1050 - 7.2025	7.1050 - 7.1100	1.80-2.35oredis	-3.50	5.20-6.00dis	-3.15
France	5.7165 - 5.8175	5.7200 - 5.7250	2.25-2.45cdis	-4.93	6.20-6.50dis	-4.44
Sweden	8.0000 - 8.8135	8.0000 - 8.0050	3.15-3.75oredis	-5.17	9.00-10.00dis	-4.75
Japan	104.75 - 105.95	104.95 - 105.05	0.02-0.01ypm	0.17	0.12-0.10pm	0.42
Austria	11.5275 - 11.6175	11.5275 - 11.5325	3.35-3.75grodis	-3.69	9.50-10.70dis	-3.50
Switzerland	1.4230 - 1.4535	1.4290 - 1.4300	0.20-0.23cdis	-1.80	0.54-0.60dis	-1.59
Ecu†	1.1485 - 1.1635	1.1605 - 1.1615	0.52-0.50cpm	5.27	1.43-1.38pm	4.84

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Sep 3	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	5 7/8 - 5 5/8	5 3/4 - 5 5/8	5 7/8 - 5 13/16	5 13/16 - 5 11/16	5 13/16 - 5 11/16	5 3/4 - 5 5/8
US Dollar	2 13/16 - 2 11/16	3 1/8 - 3	3 1/8 - 3	3 3/16 - 3 1/16	3 5/16 - 3 3/16	3 1/2 - 3 3/8
Can. Dollar	4 3/8 - 4 1/8	4 5/16 - 4 3/16	4 11/16 - 4 7/16	4 13/16 - 4 11/16	5 1/16 - 4 15/16	5 3/8 - 5 1/8
Dutch Guilder	6 11/16 - 6 9/16	6 11/16 - 6 9/16	6 3/4 - 6 5/8	6 1/2 - 6 3/8	6 5/16 - 6 3/16	5 7/8 - 5 3/4
Swiss Franc	5 1/4 - 5	5 1/8 - 4 7/8	4 13/16 - 4 11/16	4 3/4 - 4 5/8	4 5/8 - 4 1/2	4 7/16 - 4 5/16
D-Mark	6 7/8 - 6 3/4	6 7/8 - 6 3/4	6 7/8 - 6 3/4	6 5/8 - 6 1/2	6 5/16 - 6 3/16	5 15/16 - 5 13/16
French Franc	8 - 7 3/4	8 - 7 3/4	8 - 7 3/4	7 1/2 - 7 1/4	7 1/8 - 6 7/8	6 3/4 - 6 1/2
Italian Lira	11 - 9	9 5/8 - 9 1/8	9 5/8 - 9 1/8	9 1/2 - 9	9 1/4 - 8 3/4	8 3/4 - 8 3/8
Belgian Franc	14 3/4 - 14 1/4	14 3/4 - 14 1/4	14 1/2 - 14	12 1/2 - 12	10 5/8 - 10 1/8	9 - 8 1/2
Yen	3 - 2 13/16	3 1/8 - 3	3 1/8 - 3	2 15/16 - 2 13/16	2 15/16 - 2 13/16	2 15/16 - 2 13/16
Danish Krone	15 - 12	13 3/4 - 12 1/4	13 3/4 - 12 1/4	11 7/8 - 10 7/8	10 - 9 1/2	8 1/2 - 8
Asian $Sing	3 1/2 - 2 1/2	3 1/2 - 2 1/2	3 1/2 - 2 1/2	4 - 3	4 - 3	4 1/4 - 3 3/4
Spanish Peseta	11 - 10 1/2	10 3/4 - 10 1/4	10 5/8 - 10 1/8	10 3/8 - 10 1/8	10 1/8 - 9 7/8	9 5/8 - 9 3/8
Portuguese Esc	12 - 11 1/2	12 - 11 1/2	11 3/4 - 11 1/4	11 3/8 - 10 7/8	11 1/4 - 10 3/4	11 1/4 - 10 3/4

Long term Eurodollars: two years 4-3 7/8 per cent; three years 4 3/8-4 1/4 per cent; four years 4 13/16-4 11/16 per cent; five years 4 15/16-4 13/16 per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sep.3	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.527	2.478	160.3	8.735	2.183	2.783	2423.	2.026	53.85	202.4	1.314
$	0.655	1	1.623	105.0	5.720	1.430	1.823	1587	1.327	35.33	132.5	0.861
DM	0.404	0.616	1	64.69	3.525	0.881	1.123	977.8	0.818	21.77	81.68	0.530
YEN	6.238	9.526	15.46	1000.	54.49	13.62	17.36	15115	12.64	336.6	1263	8.197
F Fr.	1.145	1.748	2.837	183.5	10.	2.499	3.186	2774	2.319	61.76	231.7	1.504
S Fr.	0.458	0.699	1.135	73.43	4.001	1	1.275	1110	0.928	24.71	92.72	0.602
N Fl.	0.359	0.549	0.890	57.60	3.139	0.784	1	870.6	0.728	19.39	72.73	0.472
Lira	0.413	0.630	1.023	66.16	3.605	0.901	1.149	1000.	0.836	22.27	83.53	0.542
C $	0.494	0.754	1.223	79.12	4.311	1.077	1.374	1196	1	26.63		0.649
B Fr.	1.854	2.830	4.593	297.1	16.19	4.046	5.158	4491	3.755	100.	375.2	2.438
Pta	0.494	0.754	1.224	79.20	4.316	1.079	1.375	1197	1.001	26.66	100.	0.649
Ecu	0.761	1.162	1.886	122.0	6.648	1.661	2.118	1844	1.542	41.06	154.0	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

Strike	Calls October	Calls December	Calls March	Puts October	Puts December	Puts March
120	-	-	-	-	0.23	-
121	-	2.27	-	-	0.41	0.23
122	-	1.58	-	0.23	0.70	-
123	0.51	1.01	-	0.62	1.14	0.55
124	0.15	0.62	-	-	1.71	-
Open Int	46,292	156,986	25,540	26,225	144,879	17,578

Estimated volume 32,724 † Total Open Interest 419,780
† All Yield & Open Interest figures are for the previous day.

	Close	High	Low	Prev.
Sep	3088.0	3087.0	3068.0	3086.0
Dec	3090.5	3107.5	3089.0	3109.5
Mar	3104.0			3122.0

Estimated volume 9018 (10700)
Previous day's open int. 57059 (56737)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5265	1.5229	1.5162	1.5085	1.4955

MONEY MARKETS

Belgian futures recover

BELGIAN interest rate futures rallied sharply in yesterday's late European trading as the central bank of Belgium looked increasingly as though it was losing the battle to maintain its currency's link with the D-Mark, *writes James Blitz.*

In the morning, the September Belgian franc contract dropped another 10 basis points after crashing on Thursday in the wake of the rise in the country's official interest rates.

UK clearing bank base lending rate 6 per cent from January 26, 1993

But, later on, all the contracts rallied as the Belgian franc fell below the BFr21.70 level against the D-Mark and the currency slipped in the exchange rate mechanism's grid. Dealers appeared to be taking the view that, as the franc floated more freely against the D-Mark, there would be renewed incentive for Belgium to cut rates.

The September contract closed up 20 basis points on the day at 88.00, and the December contract was up 40 basis points at 92.10.

As on Thursday, the sentiment in the Belgian market affected the outlook for French interest rates, with dealers taking the view that prospective cuts in Belgian rates would make it easier for the French to do the same.

The December contract therefore rose 7 basis points to close at 93.99, pricing 3 month month money at around 6 per cent by the end of the year, a drop of around 140 basis points from the current cash level.

With the D-Mark performing strongly against European currencies and the dollar, dealers also felt there was a greater chance of official interest rate cuts in Germany later this month.

One dealer recalled that Mr Hans Tietmeyer, the Bundesbank president-elect, had said last month that a strong D-Mark would not be good for German exports. The December Euromark contract was therefore up 4 basis points at 94.06 at the close.

The sterling market was a great deal calmer after a tumultuous week which has seen the overnight rate at anything from 2 per cent to 8 per cent.

There was a comparatively small shortage of £700m, most of which was removed by lunchtime, bringing the overnight rate to 5 per cent. Three month money was about 1/16 per cent easier with a very narrow spread around 5¾ per cent. The December short sterling contract was up 3 basis points at 94.47.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 3) 3 months US dollars		6 months US Dollars	
bid 3 1/16	offer 3 3/16	bid 3 1/4	offer 3 1/8

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime

Prime rate	6
Broker loan rate	5
Fed.funds	2 15/16
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	2.92	Three year	4.03
Two month	3.02	Five year	4.68
Three month	3.00	Seven year	4.93
Six month	3.13	10-year	5.34
One year	3.26	30-year	5.96
Two year	3.73		

Sep 3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.75-6.85	6.75-6.85	6.60-6.75	6.45-6.55	6.25-6.40	7.75
Paris	7 1/2-7 5/8	7.55-7.85	-	7.25-7.55	-	6.75
Zurich	-	-	-	-	-	-
Amsterdam	6.62-6.68	6.58-6.63	-	6.37-6.45	-	-
Tokyo	-	-	-	-	-	-
Milan	9 1/2-9 13/16	9 1/2-9 3/16	-	9 7/16-9 1/2	-	-
Brussels	-	14-14 1/2	-	12-12 1/2	-	-
Dublin	6 5/8-6 3/4	6 5/8-6 3/4	6 1/2-6 5/8	6 1/2-6 5/8	6 3/8-6 1/2	-

LONDON MONEY RATES

Sep 3	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8 1/2	6 13/16	5 13/16	5 13/16	5 23/32	5 3/4
Interbank Bid	4	5 1/2	5 23/32	5 23/32	5 11/16	5 5/8
Sterling CDs.	-	-	5 7/8	5 23/32	5 21/32	5 3/4
Local Authority Deps.	5 7/8	5 13/16	6	5 27/32	5 13/16	5 3/4
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6	5 5/8	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5 7/8	5 13/16	5 3/4	5 11/16
Treasury Bills (Buy)	-	-	5 5/8	5 5/8	5 9/16	-
Bank Bills (Buy)	-	-	5 5/8	5 21/32	5 19/32	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs.	-	-	2.95	2.97	3.04	3.21
SDR Linked Dep. Offer	-	-	4 1/8	4 1/4	4 1/8	4 1/8
SDR Linked Dep. Bid	-	-	4 1/8	4 1/8	4 1/8	4
ECU Linked Dep. Offer	-	-	8 1/8	7 3/4	7 3/8	6 5/8
ECU Linked Dep. Bid	-	-	7 7/8	7 1/2	6 13/16	6 3/8

Treasury Bills (sell): one-month 5 9/16 per cent; three months 5 1/8 per cent; six months 5 1/8 per cent; Bank Bills (sell): one-month 5 9/16 per cent; three months 5 9/16 per cent; Treasury Bills; Average tender rate of discount 5.1336 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 31 ,1993 . Agreed rates for period Sep 26, 1993 to Oct 25, , 1993 Schemes II & III: 7.15 p.c. Reference rate for period July 31, 1993 to Aug 31 , 1993, Scheme IV&V: 5.896 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from September 1 , 1993: Bank Deposit Rate for sums at 7 days notice 5 3/8 p.c. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2 3/4 p.c.; one-three months 4 3/4 p.c.; three-six months 4 3/4 p.c.; six-nine months 4 3/4 p.c.; nine-twelve months 4 1/2 p.c.; Under £100,000 2 3/4 p.c. from Jan.27, 1993, Deposits withdrawn for cash 1 1/4 p.c.

BANK RETURN

BANKING DEPARTMENT	Wednesday September 1, 1993	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	1,417,013,812	- 1,189,419,262
Bankers Deposits	1,463,170,887	- 90,032,258
Reserve and other Accounts	3,306,096,251	- 21,895,202
	6,200,833,950	- 1,301,346,742
ASSETS		
Government Securities	1,274,780,193	+ 12,673,061
Advance and other Accounts	4,424,651,321	- 1,281,174,564
Premises Equipment & other Secs	495,297,417	- 33,660,790
Notes	5,880,989	+ 798,460
Coin	224,030	+ 17,091
	6,200,833,950	- 1,301,346,742
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	17,544,119,011	+ 159,201,540
Notes in Banking Department	5,880,989	+ 798,460
	17,550,000,000	+ 160,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,211,626,255	+ 348,567,871
Other Securities	10,327,358,645	- 188,567,871
	17,550,000,000	+ 160,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
Bank of Baroda	6	●Robert Fleming & Co	6	* (in administration)	
Banco Bilbao Vizcaya	6	Girobank	6	Royal Bk of Scotland	6
Bank of Cyprus	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Ireland	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of India	6	●Hambros Bank	6	TSB	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £136⅞
Exchequer 10½% Stk 2005 - £126 (31Au93)
Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Reg) - £136.1ф .15ф .2ф

Corporation and County Stocks

London County 2½% Cons Stk 1920(or after) - £28 (31Au93)
Birmingham District Council 11½% Red Stk 2012 - £130¼ (1Se93)
Hull Corp 3½% Stk(1st Iss) - £40 (1Se93)
Hull Corp 3½% Stk(2nd Iss) - £40 (31Au93)
Manchester Corp 1891 3% Red Stk 1341(or after) - £35

UK Public Boards

Agricultural Mortgage Corp PLC 6¼% Deb Stk 92/94 - £93¼

Foreign Stocks, Bonds, etc-(coupons payable in London)

Abbey National Sterling Capital PLC10⅛% Subord Gtd Bds 2023 (Br £ Var) - £117½
Abbey National Sterling Capital PLC11½% Subord Gtd Bds 2017 - £131
Abbey National Treasury Servs PLC 5⅜% Gtd Nts 1995 (Br $Var) - $102⅔ 102⅞ (1Se93)
Abbey National Treasury Servs PLC 6½% Gtd Bds 2003 (Br $ Var) - $102.8 (27Au93)
Abbey National Treasury Servs PLC 7¾% Gtd Nts 1998 (Br £ Var) - £103⅓ .405 ½ (1Se93)
Abbey National Treasury Servs PLC 8% Gtd Bds 2003 (Br £ Var) - £104⅞ (31Au93)
Abbey National Treasury Servs PLC 10¼%GtdNts1994 (BrSC1000,10000&100000) - SC104⅛ (27Au93)
Agricultural Mortgage Corp PLC 11½% Nts 1994 (Br£1000,10000&100000) - £104⅞ (1Se93)
Asda Finance Ld 10¼% Cnv Cap Bds2005(Br £5000&100000) - £121⅛ (31Au93)
Associated British Ports Hldgs PLC 10⅞% Bds 2015(Br£10000&100000) - £121 (27Au93)
Associated British Ports Hldgs PLC 11⅞% Bds 2011 (Br £10000&100000) - £131.825 2.0125 (1Se93)
BP America Inc 9½% Gtd Nts 1994(Br£1000&10000) - £102
Barclays Bank PLC 9.875% Undated Subord Nts - £110½
Barclays Bank PLC 10¼% Sen Sub Bds 1997(Br£1000&10000) - £110¼
Blue Circle Industries PLC 10¾% Bds 2013 (Br£5000&100000) - £122⅝ (1Se93)
Blue Circle Industries Capital Ld 10½% Cnv Cap Bds 2005(Br£5000&100000) - £127
Bradford & Bingley Building SocietyCollared FltgRteNts 2003(Reg Mult£1000) - £101¼ (31Au93)
British Airways PLC 9½% Nts 1997(Br£1000&10000) - £107⅛ (1Se93)
British Airways PLC 10⅞% Bds 2008(Br£1000&10000) - £121¼
British Gas Intl Finance BV 9% Gtd 1994 (Br ECU Var) - EC100.77 100.87 (31Au93)
[illegible]
British Telecommunications PLC 12¼% Bds 2006 - £138.45
Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £151½ 2½
Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006(Br£5000&50000) - £149½
Cable & Wireless Intl Finance BV 10⅜% Gtd Bds 2002 (Br £10000&100000) - £116⅝
Chubu Electric Power Co Inc 6.25% Bds 2003 (Br $ Var) - $101.45 101.7 (27Au93)
Coats Viyella Finance N.V. 7¼% Gtd Red Cnv Prf 2004 (Br) - 127¼ (1Se93)
Daily Mail & General Trust PLC 8¼% Exch Bds 2005 (Br£1000&5000) - £139½
Dawson Finance NV 9⅜% GtdRedCnvPrf 2004(CertsToBr £116) - £100
Doons Group (Capital) PLC 6¾% Cnv Gtd Bds 2002 (Br£5000&50000) - £94¼
Dow Chemical Co Zero Cpn Nts 30/5/97(Br£1000&10000) - £76¾
ECC Group PLC 6½% Cnv Bds 2003(Br£1000&10000) - £105
Eksportfinans AS 7⅜% Nts 1993(Sep 1986 iss)(Br$5000) - $100.28 100.38
Eksportfinans AS 7⅝% Nts 1993(Dec 1986 iss)(Br$5000) - $101.29 101.39
Eksportfinans AS 7¾% Nts 1997 (Br $C Var) - $C104.35 104.7 (31Au93)
Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £109¾ 10
Finnish Export Credit Ld 6% Nts 1995 (Br $ Var) - $103½ 103⅝ (1Se93)
Forte PLC 9⅜% Bds 2003 (Br £ Var) - £106⅛ ⅛ ½ (31Au93)
Granada Group PLC 11¼% Bds 2019 (Br£10000&100000) - £126
HSBC Holdings PLC 9⅞% Subord Bds 2018 (Br £ Var) - £114¼ (31Au93)
Halifax Building Society 7¾% Nts 1998 (Br £ Var) - £103⅝ ⅞ (27Au93)
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £126⅛ (27Au93)
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £117½
Hanson Trust PLC 10% Bds 2006 (Br£5000) - £114⅝ (1Se93)
Harrisons & Crosfield PLC 7½% Subb Cnv Bds 2003(Br£1000&10000) - £106ф
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Reg) - 129½ (1Se93)
[illegible]

Osaka Gas Co Ld 8.125% Bds 2003 (Br £ Var) - £105 (31Au93)
Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001(Br$10000) - $116 117 (27Au93)
Pearson PLC 10½% Bds 2008(Br£1000&10000) - £121 (1Se93)
Peninsular & Oriental Steam Nav Co 11½% Bds 2014 (Br£10000&100000) - £126¾
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £113⅛ (31Au93)
RTZ Canada Inc 7¼% Gtd Bds 1998(Br£5000&100000) - £100⅞ (1Se93)
Rank Organisation PLC 8⅜% Bds 2000 (Br £ Var) - £103 (31Au93)
Redland Capital PLC 7¼% Cnv Bds 2002(Br£1000&10000) - £102 (31Au93)
Royal Bank of Scotland PLC 9½% Undated Subord Bds (Br £ Var) - £107¼ (1Se93)
Royal Bank of Scotland PLC 10.5% Subord Bds 2013 (Br £ Var) - £121 (1Se93)
Sainsbury (J.)(Channel Islands)Ld 8½%CnvCapBds 2005(Br £5000&100000) - £158½
Smith & Nephew Finance N.V. 8¾% Gtd Red Cnv Prf 2004 (Br) - £123
Smithkline Beecham Capital PLC 7¾% Gtd Nts 1998 (Br £ Var) - £102.95 (31Au93)
Smithkline Beecham Capital PLC 8⅛% Gtd Nts 1998 (Br £ Var) - £104⅞ (1Se93)
Svensk Exportkredit AB 12% Nts 1994(Br£1000&10000) - £104⅞ф .46ф
TSB Group PLC 12% Subord Bds 2011 (Br £10000&100000) - £131½
Tarmac Finance (Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £111½ 2½
Tarmac Finance (Jersey) Ld 9½% Cnv Cap Bds 2006(Br £5000&50000) - £107¾ (1Se93)
Tate&Lyle IntFin PLC/Tate&Lyle PLC 5¾% T&LItFnGdBds 2001(Br) W/WtsT&LPLC - 288
Tesco PLC 8¾% Bds 2003(Br£Vars)(FyPd) - £28½ 26⅞ (27Au93)
Tesco PLC 8¾% Bds 2003(Br£Vars)(P/Pd-20/2/94) - £26¼ ½
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) - £126½ .69 ¾ 7 7 ¼ ½
Tesco Capital Ld 9% Cnv Cap Bds 2005(Br£5000&10000) - £128¼ (1Se93)
Thames Water PLC 9½% CnvSubordBds 2006(Br£5000&50000) - £143 4½
THORN EMI Capital NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) - £137ф
3i International BV 7¾% Gtd Bds 2003 (Br £ Var) - £101⅞ (1Se93)
Tokyo Electric Power Co Inc 6.125% Nts 2003(Br$ Vars) - $100.97 101 (1Se93)
Treasury Corporation of Victoria 8¾% Gtd Bds 2003 (Br £ Var) - £107½ (1Se93)
Unilever PLC 7⅜% Nts 1998 (Br £ Var) - £103⅞
United Kingdom 8¼% Treasury Nts 24/1/95 *(Br ECU Var)* - EC102.43 102.53
United Kingdom 9⅛% Bds 2001(Br ECU1000,10000&100000) - EC114.05 (31Au93)
United Kingdom Fltg Rate Nts 1996 (Br$10000&500000) - $99.8 (31Au93)
Woolwich Building Society 7% Nts 1996 (Br £ Var) - £99.6ф
Woolwich Building Society 11⅝% Subord Nts 2001 - £119¼ ½ (27Au93)
Woolwich Building Society 10⅛% Subord Nts 2017 (Br £ Var) - £114
Commonwealth Bank of Australia $A100m 7⅝% Nts 6/9/2003 - $A104⅛
Halifax Building Society $40m 5% Nts 21/6/96 (Br$10000) - $101.45 (31Au93)
[illegible]

Sterling Issues by Overseas Borrowers

Bank of Greece 10¾% Ln Stk 2010(Reg) - £116¾ 7¼ (31Au93)
Credit Foncier De France 10¼%GtdSerLnStk2011,12,13,14(Reg) - £127⅞
Denmark(Kingdom of) 13% Ln Stk 2005 - £142½ 3½ (1Se93)
European Investment Bank 9% Ln Stk 2001 (Reg) - £111⅞ ½
European Investment Bank 9½% Ln Stk 2009 - £119 ⅛ ⅞ .58
European Investment Bank 10⅜% Ln Stk 2004(Reg) - £122⅞
European Investment Bank 11% Ln Stk 2002(Reg) - £125 ½ (1Se93)
International Bank for Rec & Dev 11.5% Ln Stk 2003 - £130¼
New Zealand 11¼% Stk 2008(Reg) - £131¼ (31Au93)
Petroleos Mexicanos 14½% Ln Stk 2006 - £126½ 6¼
Portugal(Rep of) 9% Ln Stk 2016(Reg) - £112⅞
Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) - £120¾ (1Se93)
Sweden(Kingdom of) 13.5% Ln Stk 2010(Reg) - £152 (1Se93)
Transcanada Pipelines Ld 16½% 1st Mtg Pipe Line Bds 2007 - £168¼
Trinidad & Tobago(Republic of) 12¼% Ln Stk 2009(Reg) - £105

Listed Companies(excluding Investment Trusts)

AAH Hldgs PLC 4.2% Cum Prf £1 - 63 (31Au93)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) - £101½ (31Au93)
Aberdeen Trust PLC A Wts to Sub for Ord - 16
Aegis Group PLC 55% Cnv Cum Red Prf 1999 10p - 50ф
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - $10⅝ 11¼ 11¼ 11⅜ 11⅜ 11½
[illegible]

Barclays PLC ADR (4:1) - $30.623979
Barclays Bank PLC 8¼% Uns Cap Ln Stk 86/93 - £100 (1Se93)
Barclays Bank PLC 12% Uns Cap Ln Stk 2010 - £131½ ¾
Barclays Bank PLC 16% Uns Cap Ln Stk 2002/07 - £150⅝
Bardon Group PLC 7.25p (Net) Cnv Red Prf 25p - 107 (31Au93)
Bardon Group PLC 11.25p Cum Red Prf 2005 10p - 119½ 20½
Barings PLC 8% Cum 2nd Prf £1 - 113½ (27Au93)
Barings PLC 9¾% Non-Cum Prf £1 - 134¾
Bass PLC ADR (2:1) - $15.249491
Bass PLC 10⅜% Deb Stk 2016 - £127⅞
Bass PLC 7¾% Uns Ln Stk 92/97 - £99¾
Bass Investments PLC 7⅞% Uns Ln Stk 92/97 - £99
Batleys PLC 10% Cum Prf £1 - 126 (1Se93)
Bellway PLC 9.5% Cum Red Prf 2014 £1 - 124 (31Au93)
Bergesen d-y AS "B" Non Vtg Shs NK2.5 - NK143½ 4 4 ½ 5 5 .1 .82
Blackwood Hodge PLC 9% Cum Red Prf £1 - 21½ (1Se93)
Blockbuster Entertainment Corp Shs Com Stk $0.10 - $28.66 (27Au93)
Bournemouth Water PLC Ord £1 - £25 (27Au93)
Bradford & Bingley Building Society11⅝% Perm Int Bearing Shs £10000 - £130¼ ½ ¾
Bradford & Bingley Building Society13% Perm Int Bearing Shs £10000 - £144¼
Brent Walker Group PLC Wts to Sub for Ord - 1½ (1Se93)
Brent Walker Group PLC Var Rte 2nd Cnv Red Prf 2000/2007 £1 - 5 (31Au93)
Brent Walker Group PLC 8.5% 3rd Non-Cum Cnv Red 2007/10 £1 - 2¾
Bridon PLC 10¼% Deb Stk 91/96 - £99½ (27Au93)
Bristol Water PLC 8¾% Cum Irrd Prf £1 - 126½
Bristol Water PLC 4% Cons Deb Stk Irrd - £48¾ (31Au93)
Bristol Water PLC 4% Perp Deb Stk - £48¾ (31Au93)
Bristol Water Hldgs PLC Ord £1 - 920
Bristol Water Hldgs PLC Non-Vtg Ord £1 - 800 (31Au93)
Bristol Water Hldgs PLC 6.75% Cum Cnv Red Prf 1998 Shs £1 - 180 (31Au93)
Bristol & West Building Society 13⅜% Perm Int Bearing Shs £1000 - £137¾ 8½ 9
Britannia Building Society 13% Perm Int Bearing Shs £1000 - £140 ¼ ½ ⅝ ¾ 1
British Airways PLC ADR (10:1) - $64.15 ¼ ¼
British-American Tobacco Co Ld 5% Cum Prf Stk £1 - 57 (1Se93)
British Land Co PLC 11⅜% First Mtg Deb Stk 2019/24 - £135½ф
British Petroleum Co PLC 8% Cum 1st Prf £1 - 93½
British Petroleum Co PLC 9% Cum 2nd Prf £1 - 102 (1Se93)
British Steel PLC ADR (10:1) - $16.92
Brown(John) PLC 4⅞% Sec Ln Stk 2003 - £97
Bulgin(A.F.) & Co PLC Ord Shs 5p - 48
Bulmer(H.P.)Hldgs PLC 8¾% 2nd Cum Prf £1 - 120¼ 1 3
Bunzl PLC 7% Cnv Uns Ln Stk 95/97 - £103 (1Se93)
Burmah Castrol PLC 7¼% Cum Red Prf £1 - 79½ ½ 80
Burmah Castrol PLC 8% Cum Prf £1 - 89 (1Se93)
Burndene Investments PLC 15% Uns Ln Stk 2007/12 - £120 (31Au93)
Burton Group PLC 8% Cnv Uns Ln Stk 1996/2001 - £101½ 2
Calgary & Edmonton Railway Co 4% Cons Deb Stk(Gtd by C.P.Ltd)2002 - £42 (1Se93)
Capital & Counties PLC 11¼% 1st Mtg Deb Stk 2021 - £133⅛ (31Au93)
Carlisle Group PLC 4.38% (Net) Red Cnv Prf 1998 £1 - 45ф
Carlton Communications PLC ADR (2:1) - £15.89ф $ 24.12ф
Carlton Communications PLC 7½% Cnv Subord Bds 2007(Reg £5000) - £131⅞ф 2¼ф ¼ф
Centex Corporation Shs of Com Stk $0.25 - $39⅛ф ¼ф
Charlwood Alliance Hldgs Ld 7½% Uns Ln Stk 50p - 39 (31Au93)
[illegible]

Glynwed International PLC 10¾% Uns Ln Stk 94/99 - £104 (27Au93)
Grand Metropolitan PLC 5% Cum Prf £1 - 58 (31Au93)
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2016 - £115⅞
Great Universal Stores PLC 5⅜% Red Uns Ln Stk - £65 (31Au93)
Great Universal Stores PLC 8¼% Uns Ln Stk 93/98 - £99½ (1Se93)
Green Property Co PLC 8% Red Cnv Uns Ln Stk 1995 Ir£1 - I£0.995
Greenalls Group PLC 8% Cum Prf £1 - 105
Greenalls Group PLC 11½% Deb Stk 2014 - £135½ .55 (27Au93)
Greenalls Group PLC 9⅛% Irrd Uns Ln Stk - £95 (1Se93)
Greycoat PLC 9½% Cum Red Prf 2014 £1 - 39⅞ 40 1½ 2 ½ 3
Guinness PLC ADR (5:1) - £25.95 $ 37
Guinness Flight Global Strategy Fd Ptg Red Prf $0.01(Asean Fd) - $41.21 (27Au93)
Guinness Flight Global Strategy Fd Ptg Red Prf $0.01(Euro High Inc Bd Fd) - £25.82ф
Guinness Flight Global Strategy Fd Ptg Red Prf $0.01(Hong Kong Fd) - $46.15 (27Au93)
Guinness Flight Intl Acc Fund Ld Ptg Red Prf $0.01(US$ Money Fd) - $37.726 (1Se93)
HSBC Hldgs PLC Ord $H10 (Hong Kong Reg) - $8.303837 $H30½ 81.6556 2 2 .1 .1505 .1535 .35875 .4664 ½ .842913 .8465 .929 3
HSBC Hldgs PLC 11.69% Subord Bds 2002 (Reg) - £112 5 20 ½ 1 ⅜
HSBC Hldgs PLC 11.69% Subord Bds 2002 (Br £Var) - £121⅞
Halifax Building Society 12% Perm Int Bearing Shs £1 (Reg £50000) - £136½ ¾ (1Se93)
Hall Engineering(Hldgs)PLC 5.55% Cum Prf £1 - 86 (27Au93)
Hambros Eurobond&Money Market Fd LdPtg Red Prf 1p(Stlg Eurobond Fund) - 527.26
Hammerson Prop Inv&Dev Corp PLC Ord 25p - 390
Hardys & Hansons PLC Ord 5p - 262
Harris(Philip) PLC 5.25% (Frmly 7½%) Cum Prf £1 - 55
Harris(Philip) PLC 5.6% (Frmly 8%) "B" Cum Prf 1-40,000 £1 - 57
Hartlepools Water Co Ord Stk - £1800 (27Au93)
Hepworth Capital Finance Ld 11.25% Cnv Cap Bds 2005 (Reg) - 138½ ½ .68 ¾ 9 ¼ ½
[illegible]

MEPC PLC 8% Uns Ln Stk 2000/05 - £101½
MEPC PLC 10½% Uns Ln Stk 2032 - £121¼ (31Au93)
McAlpine(Alfred) PLC 9% Cum Prf £1 - 100 (31Au93)
McCarthy & Stone PLC 8.75% Cum Red Prf 2003 £1 - 44½ 5½ 7 (1Se93)
McCarthy & Stone PLC 7% Cnv Uns Ln Stk 99/04 - £55 (31Au93)
Manchester Ship Canal Co 5% Perp Prf £1 - £28¾ф
Mandarin Oriental International Ld Ord $0.05 (Hong Kong Reg) - $H8.435622
Marks & Spencer PLC ADR (6:1) - $35½ 35.6
Marley PLC 6½% Cum Prf £1 - 72 (1Se93)
Medeva PLC ADR (4:1) - $8.998767
Menzies(John) PLC 9% Cum Prf £1 - 120 (27Au93)
Merchant Retail Group PLC 8¾% Cnv Uns Ln Stk 99/04 - £82 3 4½
Mercury International Inv Trust Ld Ptg Red Prf 1p (Reserve Fund) - £50.8384 (1Se93)
Mersey Docks & Harbour Co 6⅝% Red Deb Stk 94/97 - £97½ (31Au93)
Mersey Docks & Harbour Co 6¾% Red Deb Stk 96/99 - £97½ (31Au93)
Mid Kent Water PLC 5% Perp Deb Stk - £80¾ (31Au93)
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 - £99¾ (1Se93)
Midland Bank PLC 10¾% Subord Uns Ln Stk 93/98 - £101¾ (1Se93)
Midland Bank PLC 14% Subord Uns Ln Stk 2002/07 - £137⅞ (1Se93)
Mitel Corporation Com Shs of NPV - £3.95 (31Au93)
NMC Group PLC 7.75p (Net) Cum Red Cnv Prf 10p - 118
National Medical Enterprises Inc Shs of Com Stk $0.05 - $7.890718 .98
National Westminster Bank PLC 7% Cum Prf £1 - 77 8
National Westminster Bank PLC 9% Subord Uns Ln Stk 1993 - £100 100
National Westminster Bank PLC 12½% Subord Uns Ln Stk 2004 - £133
Newcastle Building Society 12⅝% Perm Interest Bearing Shs £1000 - £138¾ 9 *(1Se93)*
Newton,Chambers & Co Ld 3.5% (Frmly 5%) 1st Cum *Prf* £1 - 45 (1Se93)
Next PLC 10%"B" Cum Prf 50p - 50
North Housing Association Ld Zero Cpn Ln Stk 2027 - 335 45 (1Se93)
North of England Building Society 12⅝% Perm Int Bearing (£1000) - £135½ 6
North Surrey Water Co 4% Deb Stk - £46
Northern *Engineering Industries PLC*11% Cum Prf £1 - 125 (31Au93)
Old Court International Reserves LdPtg Red Prf $0.01(Deutschemark Shs) - DM87.46 (31Au93)
Old Court International Reserves LdPtg Red Prf $0.01(French Franc Shs) - FR384.961 (27Au93)
Ontario & Quebec Railway Co 5% Perm Deb Stk(Int Gtd by C.P.) - £50 (31Au93)
Pacific Gas & Electric Co Shs of Com Stk $5 - $38¼ф
Paramount Communications Inc Com Stk $1 - $55⅛ (31Au93)
Parkland Textile(Hldgs) PLC Ord 25p - 220 (1Se93)
Paterson Zochonis PLC 10% Cum Prf £1 - 132 (1Se93)
Peel Hldgs PLC 10% Cum Prf 50p - 58 (27Au93)
Peel Hldgs PLC 5.25% (Net) Cnv Cum Non-Vtg Prf £1 - 113
Peninsular & Oriental Steam Nav Co 5% Cum Pfd Stk - £56
Perkins Foods PLC 8p(Net) Cum Cnv Red Prf 10p - 111 3
Petrofina S.A. Ord Shs NPV (Br In Denom 1,5 & 10) - BF8392.28 410 50 50 .35 6 75 5 80 3 90 519 27
PEX Group PLC 3.5% Cum Prf £1 - 30 (1Se93)
Plantsbrook Group PLC 6.75% Cnv Prf 91/ 2001 10p - 95
Pokphand (C.P.) Co Ld Shs $0.05 (Hong Kong Registered) - $H2.4108 (31Au93)
Potgietersrust Platinums Ld Ord R0.025 - 225 (1Se93)
Quarto Group Inc 8.75p(Net) CnvCumRedShs of Pfd Stk $0.10 - 158 (31Au93)
Quicks Group PLC 10% Cum Prf £1 - 124 (31Au93)
RPH Ld 9% Uns Ln Stk 99/2004 - £99
Racal Electronics PLC ADR (2:1) - $7.45
Ransomes PLC 8.25p (Net) Cum Cnv Prf 12.5p - 44½ 5 ½ 7 8 9
[illegible]

Scholl PLC 5¼% Cnv Cum Red Prf 2006/11 £1 - 99½
Scottish Hydro-Electric PLC Ord 50p - 371 3 4 4 5 5 ½ 6 6 ½ ½ 7 7 8
Scottish & Newcastle PLC 4.6% Cum Prf £1 - 72 (27Au93)
Scottish & Newcastle PLC 6.425% Cum Prf £1 - 101 3
Scottish & Newcastle PLC 7% Cnv Cum Prf £1 - 215.89 6
Scottish Power PLC Ord 50p - 352 4 4 ½ 5 ½ 6 6 .32 ½ 7 7 .32 .3333 ½ 8 8 ¼ ½ .88 9 .18 ½ 60 60 7‡
Sears PLC 8.75% (Frmly 12½%) Cum Prf £1 - 120 (1Se93)
Sears PLC 7¼% Uns Ln Stk 92/97 - £98¾ 9½ (31Au93)
Severn River Crossing PLC 6% Index-Linked Deb Stk 2012 - £119 (31Au93)
Shell Transport&TradingCo PLC Ord Shs (Br) 25p (Cpn 190) - 674 (1Se93)
Shell Transport&TradingCo PLC 5½% 1st Prf(Cum)£1 - 64 (1Se93)
Shield Group PLC Ord 5p - 11 (1Se93)
Shield Group PLC 5.84% (Net) Cnv Cum Red Prf £1 - 24¼ ½ (1Se93)
Simon Engineering PLC 4.2% (Frmly 6%) Cum Prf £1 - 43
Simon Engineering PLC 7.75% Cum Red Prf 92/97 £1 - 78
600 Group PLC 11% Uns Ln Stk 92/97 - £98 (1Se93)
Skipton Building Society 12⅞% Perm Int Bearing Shs £1000 - £134¾ 5¼
Smith New Court PLC 12% Subord Uns Ln Stk 2001 - £114
Smith (W.H.) Group PLC "B" Ord 10p - 10 92
Smith (W.H.) Group PLC 5⅛% Red Uns Ln Stk - £57
SmithKline Beecham PLC ADR (5:1) - $32.179091ф ¾ф ⅞ф
SmithKline Beecham PLC/SmithKline ADR (5:1) - $28⅝ ⅞ 9 30¼ .37398 ⅜ ½ ¾
Smiths Industries PLC 11¼% Deb Stk 95/2000 - £105 (1Se93)
South Staffordshire Water PLC 4% Perm Deb Stk - £46
Sperati(C.A.)(Special Agency) Ord 50p - £11½ (31Au93)
Standard Chartered PLC 12⅞% Subord Uns Ln Stk 2002/07 - £128½
Swire(John) & Sons Ld 6.3% Cum Prf £1 - 69 (31Au93)
TSB Gilt Fund Ld Ptg Red Prf 1p(Class"A" Ptg Red Prf) - 112.43 (1Se93)
TSB Group PLC 10⅝% Subord Ln Stk 2008 - £121½
TT Group PLC 10.875% Cnv Cum Red Prf Shs £1 1997 - 240 (27Au93)
Tate & Lyle PLC ADR (4:1) - $22½
Tate & Lyle PLC 6½%(4.55% plus tax credit)Cum Prf £1 - 72 (31Au93)
Tesco PLC 4% Uns Deep Disc Ln Stk 2006 - £70⅛
Texaco International Financial Corp8% Stlg/$ *Cnv Gtd Ln Stk 81/89* - £120 (27Au93)
Town Centre Securities PLC 9% Cnv Uns Ln Stk 95/2000 - £270 (31Au93)
Trafalgar House PLC 9½% Uns Ln Stk 2000/05 - £104½ (31Au93)
Trafalgar House PLC 10¼% Uns Ln Stk 2001/06 - £100
Transatlantic Holdings PLC B 6% Cnv Prf £1 - 97 8
Transport Development Group PLC 4.7% Cum Prf £1 - 67
Traforest Silk Printers Ld 6% Non-Cum Prf £1 - 63 (27Au93)
Tronoh Mines Malaysia Berhad SM1 - £6¾ (27Au93)
Unigate PLC 6½% Uns Ln Stk 91/96 - £97½ (31Au93)
Unigroup PLC 7¼% Cum Cnv Red Prf £1 - 63 (27Au93)
Unilever PLC ADR (4:1) - $65ф
Union International Co PLC 6% Cum Prf Stk £1 - 43½ 4½ (31Au93)
United Kingdom Property Co PLC 8½% Uns *Ln Stk 2000/05* - £90 (1Se93)
United Plantations Africa Ld Ord R0.50 - £0.16ф
Value & Income Trust PLC Warrants 89/94 to sub for Ord - 36
Vickers PLC 5% Cum(Tax Free To 30p)Prf Stk £1 - 72ф
Vodafone Group PLC ADR(10:1) - £57.3 $ 79.897337 80 .047332 ⅛ .47 ½ ⅝ ¾ 1.24729 ¾ ⅞ 3⅛ .15 ¼ .26 .28 ⅜ 4 .122195 ⅜ 8.947035
Wagon Industrial Hldgs PLC 7.25p (Net) Cnv Ptg Prf 10p - 132 (1Se93)
Walker(Thomas) PLC Ord 5p - 27 (31Au93)
Wellcome PLC ADR (1:1) - £7.91 $ 11.05 .22 ¼ .27 .32 .35 ⅜ .4
Westland Group PLC Warrants to sub for Ord - 153 4 5‡ 6½
Whitbread PLC 6% 3rd Cum Prf Stk £1 - 70 (1Se93)
Whitbread PLC 7% 3rd Cum Prf Stk £1 - 60 2½ (1Se93)
Whitbread PLC 7¾% Red Deb Stk 89/94 - £99½ (31Au93)
Whitbread PLC 7¼% Uns Ln Stk 95/99 - £99 ¼
Whitbread PLC 7¾% Uns Ln Stk 96/2000 - £100¼ (1Se93)
Whitbread PLC 10½% Uns Ln Stk 2000/05 - £114
Widney PLC 8.75% Cnv Cum Red 2nd Prf 2000 £1 - 78

Williams Hldgs PLC 10¾% Cum Prf £1 - 133
Willis Corroon Group PLC ADR (5:1) - $17½ 17.55
York Waterworks PLC Ord 10p - 302 10 10 5 (1Se93)
York Waterworks PLC Non-Vtg "A" Ord 10p - 280
Yorkshire-Tyne Tees TV Hldgs PLC Wts to sub for Ord - 51 ½ 3 ½‡
Young & Co's Brewery PLC 9% Cum Prf £1 - 113 (27Au93)
Zambia Consolidated Copper Mines Ld"B" Ord K10 - 235 (27Au93)

Investment Trusts

Alliance Trust PLC 4% Prf Stk (Cum) - £46 (1Se93)
Baillie Gifford Japan Trust PLC Wts to Sub Ord Shs - 200
Baillie Gifford Shin Nippon PLC Warrants to sub for Ord - 114 8
Bankers Investment Trust PLC 3.5% Cum Prf Stk - £56 (31Au93)
British Assets Trust PLC Equities Index ULS 2005 10p - 150 (27Au93)
C.S.C.Investment Trust PLC Ord 25p - 82
Capital Gearing Trust PLC Ord 25p - 490 (31Au93)
China Investment & DevelopmentFd LdRed PtPg Prf(PtlyPd)(Trans in Units 100) - $8½ (31Au93)
Clemente Korea Emerging Growth FundShs $10 (Reg Lux) - £7.922 $ 11⅞ (1Se93)
English & Scottish Investors PLC "B" 25p - 111
English & Scottish Investors PLC 8.25% Deb Stk 2023 (FP/AL-7/9/93) - £104 (31Au93)
Fidelity European Values PLC Equity Linked Uns Ln Stk 2001 - 136½ (1Se93)
Finsbury Smaller Co's Trust PLC Zero Div Prf 25p - 177
Fleming Japanese Inv Trust PLC Wts to Sub for Ord - 112 2 3½
Foreign & Col Invest Trust PLC 3.5% (Frmly 5%) Cum Prf Stk £1 - 57 (27Au93)
Glasgow Income Trust PLC Warrants to sub for Ord - 0¼ ¼ (27Au93)
Govett Strategic Inv Trust PLC 9⅞% Deb Stk 2017 - £118¾ (27Au93)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p Global Active Fund - £13.2 13¼ (27Au93)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Active Fund - £13.8 13.85 (27Au93)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Liquid Assets Fund - £10 (27Au93)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.S. Index Fund - £18.66 18.69 (27Au93)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p Japan Index Fund - 913.8 5.8 (27Au93)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p Europe Index Fund - £15.62 15.65 (27Au93)
Leveraged Opportunity Trust PLC Zer Cpn Cnv Uns Ln Stk 96/99 - £114 (1Se93)
New Guernsey Securities Trust Ld Ord 25p - 107
New Throgmorton Trust(1983) PLC 12.6% Deb Stk 2006 - £124½ (27Au93)
Northern Indust Improv Trust PLC Ord £1 - 420 (31Au93)
Paribas French Investment Trust PLCSers "A" Warrants to sub for Ord - 41
Paribas French Investment Trust PLCSers "B" Warrants to sub for Ord - 37
Scottish Eastern Inv Trust PLC 9¾% Deb Stk 2020 - £121 (1Se93)
Scottish National Trust PLC 6% Cum Prf £1 - 62
Scottish National Trust PLC 10% Deb Stk 2011 - £112½ (1Se93)
Shires High-Yielding Smllr Co's TstPLC Ord 50p - 142 (1Se93)
Shires Investment PLC Warrants to sub for *Ord* - 93 4 ½
Sphere Investment Trust PLC Revised Warrants to sub for Ord - 3½ (1Se93)
TR Smaller Companies Inv Trust PLC 4½% Cum Prf Stk - £50 (27Au93)
Temple Bar Investment Trust PLC 7% Cum Prf Stk £1 - 78 (1Se93)
Throgmorton Trust PLC 12 5/16% Deb Stk 2010 - £137 (1Se93)
Updown Investment Co PLC Ord 25p - 535
Witan Investment Co PLC 6½% Deb Stk 2016 - £109¼

USM Appendix

BLP Group PLC 8p (Net) Cnv Cum Red Prf 10p - 75 (27Au93)
Banner Homes Group PLC Ord 10p - 66 (31Au93)
Beckenham Group PLC 9% Red Cum Non-Vtg *Prf* £1 - 59
Cooper Clarke Group PLC Ord 50p - 102 (27Au93)
FBD Holdings PLC Ord Ir£0.50 - I£1.9
Gibbs *Mew* PLC Ord 25p - 322
Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p - 136
Hoskins Brewery PLC Ord 50p - 70
Midland & Scottish Resources PLC Ord 10p - 10 ¾ 1½
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 - 175 (31Au93)

Rule 535(2)

All England Lawn Tennis Ground Ld Deb 91/95 £2000 - £10000 (27Au93)
Amalgamated Metal Corp PLC 6.4% Cum Prf £1 - £0.47 (31Au93)
Ann Street Breweries Co Ld Ord £1 - £3
Arsenal Football Club PLC Ord £1 - £300 (31Au93)
Barclays Investment Fund(C.I.) Sterling Bd Fd - £0.477
Biocure Holdings PLC Ord 1p - £0.57
Channel Islands Coms (TV) Ld Ord 5p - £0.43 ‡
Conister Trust Ld Ord 25p - £0.26
Dawson Hldgs PLC Ord *10p* - £4 4.05 (31Au93)
Dixon Motors PLC Red Prf 194p - £1.1 (1Se93)
Elliot (B.) PLC 7.5% (Net) Cnv Cum Red Prf £1 - £0.83
English Churches Housing Group Ld 2½% Ln Stk - £12 (31Au93)
Ferranti International Special Shs 1p - £0.055
Francistown Min&Ex(Jersey)Ld Ord $0.01 - $2.22
Gulton Group Ld Ord 10p - £1.6‡
INVESCO MIM International Ld Japan Income *& Growth* - £2.075 (27Au93)
Jennings Bros Ld Ord 25p - £2.2 (31Au93)
Jennings Bros Ld 6½% *Cum Prf* £1 - £75 (31Au93)
Kleinwort Benson(Int) Fund Man KB Gilt Fund - £16.259856ф
Kleinwort Benson(Int) Fund Man Int Equity Gwth Inc - £2.674ф 2.818382ф
Le Riche's Stores Ld Ord £1 - £2.6
Marine & Mercantile Securities PLC Ord Ir£0.20 - £1.3 1.35 I£1.44
Mercury Fund Man.(Isle of Man) Mercury Int. Bond Fund - £0.6768ф
Merrett Hldgs PLC Ord 10p - £0.12 0.15
Milleutech PLC Ord 10p - £0.02
Motik International Group PLC Ord 1p - £0.37
National Parking Corp Ld Ord 10p - £4¼
Newbury Racecourse PLC Ord £100 - £2150 (1Se93)
Newspaper Publishing PLC Ord 1p - £0¾ 0.85
Pan Andean Resources PLC Ord 1p - £0.085
Perpetual(Jersey) Offshore Emerging Co's - $5.5589ф
Perpetual(Jersey) Offshore UK Growth - $2.7547ф
Rangers Football Club PLC Ord 10p - £0.95
Rothschild Asset Management(CI) Five *Arrows Derivatives* - £1.3324
Select Resources PLC Ord 1p - £0.14 (31Au93)
Severn Valley Railway(Hldgs)PLC Ord £1 - £0.57 (31Au93)
Shepherd Neame Ld "A" Ord £1 - £5.3ф
Southern Newspapers PLC Ord £1 - £3.03
Southern Vectis PLC Ord 10p - £0.18 (31Au93)
Sutton Harbour Hldgs Ld Ord 25p - £3.7
Thwaites(Daniel)& Co PLC Ord 25p - £2.15 (31Au93)
Titaghur PLC Ord 5p - £0.11
Tracker Network PLC Ord £1 - £5.68
UAPT-Infolink PLC Ord 25p - £0.73
Vista Entertainments PLC Ord 5p - £0.0075 (1Se93)
Warburg Asset Management Jersey Mercury *Intl Gold & General Fd* - $1.12035 1.12035 1.1252 1.1252 1.147412 (31Au93)
Weetabix Ld "A" Non.V Ord 25p - £12.3 (31Au93)
Wynnstay Properties PLC 25p - £1 (31Au93)
Young Group PLC Ord 10p - £0.07 (27Au93)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv. A$2.1732 (1/9)
City Developments $55.21
Far East Hotels & Ent. HK$0.93 (31/8)
Idaho Power Co. $31.75ф
Leighton Hldgs A$2.03
McCarthy Group 56.5
Mogul Mining A$0.302
Niugini Mining £2.0 (27/8)
Oil Search 36.0
Playmates Hldgs $18.25ф
Regal Hotels (Hlgs) HK$1.3 (1/9)
Sapphire Mines 3.0 (1/9)
Storer Comm. SK383.0 (31/8)
United Overseas Land S$1.73
Walhalla Mining Co. A$0.1512

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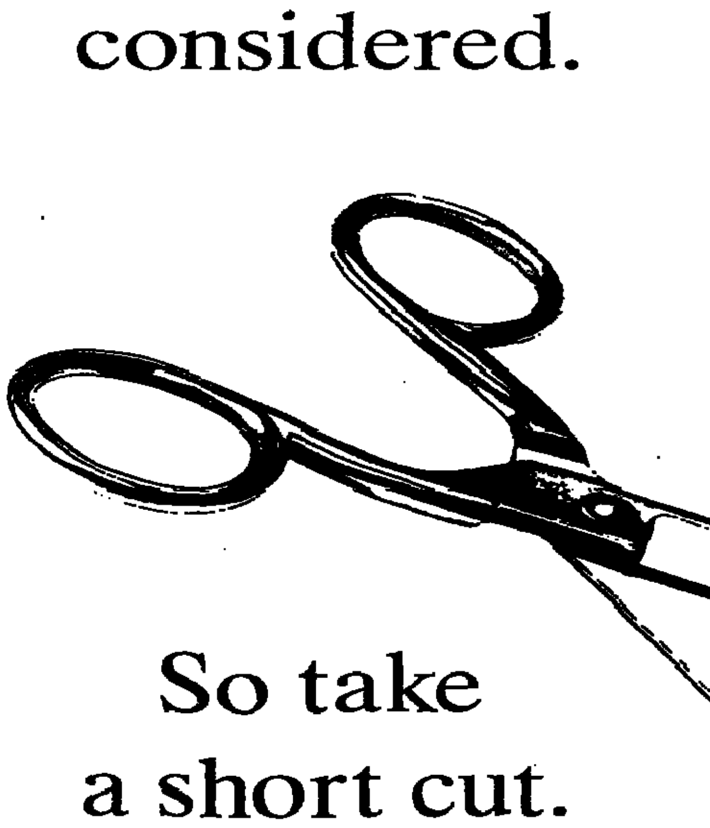

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LONDON STOCK EXCHANGE

Widespread falls as account closes

By Terry Byland,
UK Stock Market Editor

THE TRADING account in the UK equity market came to a decidedly weak close last night, when the FT-SE Index showed a fall of a further 15.3 points, and trading for the new account opened without much sign of buying interest.

Weakness in the US dollar depressed blue chip equities *towards the* close but British government bonds remained firm against a background of renewed pressure within the European exchange rate currency network and a cut in key interest rates *in Spain*.

The FT-SE Index fell 15.3 to a final reading of 3,057.3, virtually the low of the session. The three-week trading account in equities, extended to cover the UK August bank holiday, has seen share prices rise very sharply on economic optimism, only to lose a significant portion of their gains over the past four trading sessions.

Account Dealing Dates

*First Dealings:		
Aug 16	Sep 6	Sep 20
Option Declarations:		
Sep 2	Sep 16	Sep 30
Last Dealings:		
Sep 3	Sep 17	Oct 1
Account Day:		
Sep 13	Sep 27	Oct 11

*New time dealings may take place from two business days earlier.

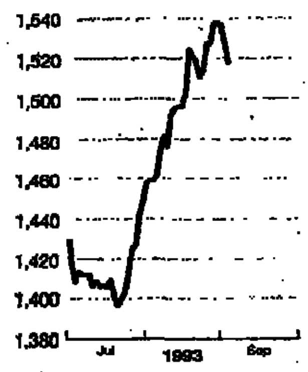
At last night's close, the Footsie was still 1.6 per cent up over the trading account but showing a loss of 43.3 points, or about 1.4 per cent, over the week.

The picture was much the same in the FT-SE Mid 250 Index, 10.9 off at 3,478.9 yesterday, but 0.61 per cent up over the account.

UK stocks, already discouraged by a relative absence of US buyers, have become apprehensive ahead of next week's heavy calendar of UK company *results*, which, *traders fear*, could also bring further rights issue calls.

Uncertainty over the trading progress among UK companies has hurt share prices this week. There was a cautious market response yesterday to the trading statement from the chairman of GEC, the blue chip electronics group.

FT-A All-Share Index



Indications that profit-taking has gathered pace were borne out by a jump in Seaq trading volume to 727.4m shares from 674.3m in the previous session; on Thursday, when the Footsie fell by 12.5 points, retail, or genuine customer activity, reached £1.73bn, one of the highest daily figures recorded this year.

Equity strategists were taking a cautious view of prospects for next week. S.G. Warburg, still holding to its Footsie 2,900 forecast for the year-end, *warned that "the risks are* growing" in a market on strong share earnings ratings and Strauss Turnbull urged "a watchful eye on earnings."

The long end of the gilt-edged market closed around ¼ higher but the short dates were little changed by the August MO money supply data.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

GEC weak on cautious comment

A CAUTIOUS statement on trading conditions by Lord Prior, GEC's chairman, at the company's annual meeting yesterday, triggered a flurry of selling pressure in the shares.

Already weakened in the past few sessions by a Kleinwort Benson recommendation that clients "take profits", GEC tumbled from 347p to 342p in fairly heavy trading before *stabilising and edging off the* bottom to close a net 5 down at 344p. Turnover in the stock reached 5.1m shares.

Analysts were surprised by the caution expressed by Lord Prior, who told the meeting that profits in the first half would be lower than for the same period last year.

"It was essentially a bearish message from the company," said one specialist, who added *that GEC's annual meetings* are generally low key affairs. "There are worries about the performance of the telecoms and power systems businesses, a deterioration in Austria and Switzerland and the fact that there is no pick up in the company's early-cycle businesses, such as washing machines. The only positive was news that overall orders are slightly above those of last year and *that interest income is higher*," the analyst said.

Gen Accident firm

News that the Halifax building society is setting up its own life assurance business after cutting its ties with Standard Life, and has also negotiated *a service agreement* with General Accident, helped the latter's shares stabilise and recoup some of the substantial ground they lost earlier in the week. The shares settled 12 higher at 669p after turnover of *1.1m*.

Along with other composite insurance shares, GenAcc have been among the market's best performers since the middle of the year. Since the end of May, GenAcc shares have risen from 557p to a peak 699p, a gain of almost 22 per cent.

This week, however, saw the emergence of some determined selling pressure in the composites, as the big institutions *shifted funds out of what some* analysts see as an overbought sector. The Halifax link was viewed as some much needed good news for a sector that has been given a rough ride in the last few sessions, analysts said.

Marketmakers were not surprised at the emergence of profit-taking in both classes of Schroders shares after the merchant bank announced an increased interim dividend and *said profits for the first half were higher than in the same* period of 1992.

Schroders shares have spiralled upwards, notably during the past couple of weeks, as the market anticipated good trading news. Yesterday saw the non-voters dip 10 to 1295p and the ordinaries 20 to 1303p. "After the excellent profits news from the likes of BZW, Kleinwort Benson, Smith New Court, NatWest Markets and others, it would have been a major shock if Schroders had adopted a bearish line on their interims," said a banks specialist.

Hambros was the pick of the merchant banks, surging 15 to 368p, *after 371p. SG Warburg* put on 4 to 812p.

A Smith New Court buy recommendation was responsible for the strength in Royal Bank of Scotland, which advanced 11 to 288p on heavy turnover of 7.3m.

London Scottish Bank jumped 7¼ to 111½p, after 113½p, after the company confirmed it had received an approach which could led to a *bid for the company. Names* put forward as potential bidders included Provident Financial and Cattles Holdings.

Profit-takers moved into the drugs sector following Thursday's strong rises. Yesterday, Glaxo lost 18 to 618p, Wellcome 6 to 749p and Zeneca 4 to 756p. They had risen on the back of speculation that US healthcare reforms, due within the next two months, would not demand mandatory price controls on prescription drugs.

Sparkling results from Pearson, publisher of the Financial Times, saw the shares put on 6 to 519p.

Turnover in WPP reached 105m as the advertising group converted 51.47m preference shares into 58m ordinary shares. Company broker SG Warburg was believed to have placed 47m shares in the market at 93 pence per share. WPP closed 7 up at 102p.

Comment on the BSkyB satellite television expansion helped Granada Group, ahead 7 at 440p. Thorn EMI gained 2 to 1004p.

News that Dr Pepper, the giant US soft drinks group, is to put in place a "poison pill" to discourage a full takeover attempt by Cadbury Schweppes, hit shares in the UK company. They closed 10 down at 474, although turnover was below average. Last week, Cadbury raised its holding in Dr Pepper to 25.9 per cent. Dr Pepper has since approved a plan whereby all shareholders other then Cadbury would be allowed to buy one new share at half price for every share already owned, should Cadbury raise its holding further.

Asda finally responded to this week's positive sentiment on the stock, which included a NatWest buy note and visit from Cazenove. The shares finished 2¼ up at 67p. J Sainsbury also recovered slightly, up 2 at 501p, although Tesco was again undermined by renewed price war fears, closing 2 down at 224p.

Good news about current trading is expected at Siebe's annual meeting on Monday and the shares finished 18 better at 532p. Negative sentiment following Thursday's figures and rights issue led to heavy trading in Rolls-Royce. Volume soared to 12m as the shares lost another 4 to 148½p.

Reports that August car sales figures, due out today, will show a 16 per cent increase on a year ago boosted several motor stocks. These included Lex Service, up 9 at 417p, T Cowie which also finished 9 ahead at 262p, and Reg Vardy which put on 10 to 174p.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Steve Thompson.

■ Other statistics, Page 9.

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (115).
AMERICANS (1) Morgan (JP), BREWERS (3) Bulmer, Fuller STA, Wetherspoon, BLDG MATLS (6) CRH, Manders, Pilkington, Do Wts., Tarmac, Titon, BUSINESS SERVS (2) Hutchison Whampoa, Serco, CHEMS (1) Wolstenholme Rink, CONGLOMERATES (1) Cannon Street Inv., CONTG & CONSTRCN (6) Ashtead, Bellwinch, Crest Nicholson, Cussins, Hewden-Stuart, Sherill, ELECTRICALS (5) Chloride, Fujitsu, Johnson, Manvier-Swain, Sony, ELECTRONICS (4) Feedback, Forward Tech., Pressac, Reflex, ENG GEN (1) Renold, FOOD MANUF (2) Devro, Unigate, FOOD RETAILING (1) PizzaExpress, HEALTH & HSEHOLD (1) Isotron, HOTELS & LEIS (2) Forte, Manchester Utd., INSCE BROKERS (1) Oriel, INV TRUSTS (12) Abtrust New Thai Wts., Drayton Blue Chip Zero Pf., Exeter Prfd. Zero Db. '02, First Ireland, Do Wts., Greyfriars, Japan OTC Wts., Kleinwort Smlr. Co's, Olim Zero Pf., Primadona, Second Mkt., Scot. Natl. Zero Pf., MEDIA (9) Adscene, Grampian TVA, Hodder Headline, Johnston Press, Pearson, Trinity, WPP, Yorks. Tyne-Tees, Do Wts., MERCHANT BANKS (1) Close Bros., MTL & MTL FORMING (1) Cook (Wm), MISC (9) Airsprung Furn., Birkby, Black (P), Calderburn, Lincoln House, Osborne & Little, Portmeirion Potts., Rhino, Silentnight, MOTORS (10) Bletchley, Caverdale, Dagenham, Evans Halshaw, First Tech., Hartys, Pendragon, Quicks, Trinity, Vardy (Reg), OIL & GAS (5) Bow Valley, Crusader, Monument, Pict, Tullow, OTHER FINCL (6) Caser Allen, Dalwa, Govett, London Scottish, Rathbone Bros., Secure Tst., PACKG, PAPER & PRINTG (5) AG, Cropper, Filofax, NMC 7¼pc Pf., Waco, PROP (6) Chesterfield, English & O'seas, Green Prop., Highcroft, Safeland, Trencherwood, STORES (2) Argos, French Connection, TELE NETWORKS (1) Cable & Wireless, TEXTS (4) Claremont Garments, Coats Viyella, Lister, Sirdar, TRANSPORT (7) Dewsongroup, Forth Ports, LOF's, Natl. Express, P & O 5½pc Pf., TNT, Vard.

NEW LOWS (14).

BRITISH FUNDS (6) Treas. 8½pc '94, Treas. 10pc '94, Exch. 13½pc '94, Exch. 14½pc '94, Exch. 10¼pc '95, Treas. 12pc '95, CANADIANS (1) Breakwater Res., CHEMS (1) Amco, ELECTRONICS (1) Sage, HEALTH & HSEHOLD (1) Enviromed, INV TRUSTS (3) Baring Chrysalis C, Baring Emrg. Mkts., Environmental, MINES (1) Devex.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Appld Holographics	70	+	7
Birkby	184	+	8
Black (P)	210	+	17
Bradarn Props	22	+	5
Cobalt	117	+	7
Euro Disney	710	+	27
Filofax	149	+	6
Fired Earth Tiles	45	+	6
Hambros	368	+	15
Isotron	270	+	20
Lon Scottish Bk	111½	+	7½
Oceana Cons	128	+	9
Prowting	143	+	11
Royal Bk Scotland	288	+	11
Siebe	532	+	18
Southern Radio	57	+	7
Trencherwood	19½	+	5
Vardy (Reg)	174	+	10
WPP	102	+	7

Falls			
Aerospace Eng	20½	–	1½
Berkeley Grp	423	–	11
Burmah Castrol	794	–	19
Chrysalis	108½	–	7½
Glaxo	618	–	18

EQUITY FUTURES AND OPTIONS TRADING

Profit-taking in Footsie futures marked the last day of the equity account in the derivatives sector following heavy buying in the preceding 3 weeks, writes Joel Kibazo.

A poor start was followed by sporadic buying of the September contract on the FT-SE 100, which saw it reach the day's high of 3,087 in the first hour. It managed to hold its ground for the rest of the morning before the afternoon sell-off that was led by local traders.

However, the contract managed to maintain its premium to cash throughout the session and having fallen to a low of 3,066, September ended the session at 3,068, down 18 on its previous close, and about 4 points ahead of its fair value premium to cash of about 7. Volume was thin, reaching 7,275 contracts.

The traded options once again had an active session though total turnover at 30,610 was down on Thursday's 38,684 lots. Some 7,218 contracts were dealt in the FT-SE 100 option and 3,985 in the Euro FT-SE 100. Amstrad was the most active stock option at 2,961 lots.

FINANCIAL TIMES EQUITY INDICES

	Sep 3	Sep 2	Sep 1	Aug 31	Aug 27	Year ago	* High	* Low
Ordinary share	2390.7	2401.4	2403.1	2414.2	2413.0	1729.0	2414.2	2124.7
Ord. div. yield	3.86	3.84	3.84	3.82	3.82	5.15	4.52	3.82
Earning yld % full	4.56	4.53	4.53	4.51	4.51	7.48	6.38	4.51
P/E ratio net	28.02	28.17	28.19	28.30	28.29	16.90	28.30	19.40
P/E ratio nil	25.88	26.01	26.04	26.14	26.13	15.73	26.14	18.14
Gold Mines	178.3	189.8	193.7	194.6	188.3	74.5	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2397.0	2400.7	2402.4	2401.3	2404.5	2402.9	2398.6	2396.7	2390.9		

Volume	Sep 3	Sep 2	Sep 1	Aug 31	Aug 27	Year ago
SEAQ Bargains	38,503	38,139	34,692	40,382	35,580	24,626
Equity Turnover(£m)†	-	1727.7	1450.9	1055.1	1248.9	923.5
Equity Bargains†	-	40,348	40,607	43,914	39,197	26,285
Shares traded (mil)†	-	613.7	584.7	410.5	514.4	482.5

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday September 3 1993

Gold Mines Index	+	179.03
Merchant Banks	+	63.74
Property	+	57.70
Engineering-Aerospace	+	48.21
Metals & Metal Forming	+	41.98
Contracting, Construction	+	40.25
Building Materials	+	30.97
FT-SE SmallCap	+	30.54
FT-SE SmallCap ex Inv Tst	+	30.49
Financial Group	+	27.73
Banks	+	25.86
Investment Trusts	+	23.97
Capital Goods	+	23.94
Electronics	+	23.63
Motors	+	22.34
Electricals	+	22.16
Engineering-General	+	21.95
FT-SE Mid 250 ex Inv Tst	+	21.59
FT-SE Mid 250	+	21.51
Electricity	+	21.30
Insurance Brokers	+	18.50
Oil & Gas	+	17.54
Media	+	17.34
Transport	+	16.91
Insurance (Life)	+	15.80
Packaging, Paper & Printing	+	15.70
Other Industrials	+	13.83
Textiles	+	12.16
Hotels & Leisure	+	11.97
Business Services	+	11.67
Telephone Networks	+	11.65
Water	+	11.55
FT-A All-Share	+	11.35
Other Groups	+	10.72
Chemicals	+	10.36
FT-SE-A 350	+	10.32
Insurance (Composite)	+	10.29
Conglomerates	+	9.01
Stores	+	8.88
"500" Share Index	+	8.30
FT-SE 100	+	7.40
Industrial Group	+	7.26
Food Manufacturing	+	3.81
Consumer Group	-	1.02
Brewers & Distillers	-	5.54
Food Retailing	-	7.91
Health & Household	-	14.83

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	119.7732	-0.489	6.74	6.83	6.91
BELGIUM		9.000	03/03	111.3000	-0.100	7.31	7.15	7.06
CANADA *		7.500	12/03	105.7600	+0.050	6.71	6.82	7.05
DENMARK		8.000	05/03	108.0000	-1.000	6.84	6.64	6.82
FRANCE	BTAN	8.000	05/98	109.0172	-0.175	5.73	5.62	5.71
	OAT	8.500	04/03	115.9100	-0.400	6.24	6.18	6.47
GERMANY		6.500	07/03	102.4350	-0.030	6.16	6.24	6.43
ITALY		11.500	03/03	112.4100	-0.295	9.71†	9.84	10.54
JAPAN	No 119	4.800	06/99	105.5992	-0.083	3.83	3.71	3.82
	No 157	4.500	06/03	102.9386	+0.357	4.06	4.16	4.12
NETHERLANDS		7.000	02/03	106.9700	+0.250	6.00	6.11	6.22
SPAIN		10.900	08/03	112.7000	-0.125	8.91	9.05	9.67
UK GILTS		7.250	03/98	103-22	-	6.31	6.28	6.47
		8.000	06/03	106-12	+12/32	6.81	6.84	7.23
		9.000	10/08	116-11	+12/32	7.21	7.23	7.67
US TREASURY *		5.750	08/03	103-08	+24/32	5.32	5.47	5.81
		6.250	08/23	103-26	+11/32	5.97	6.13	6.53
ECU (French Govt)		*8.000*	*04/03*	*109.2500*	*-0.100*	*6.86*	*6.57*	*7.14*

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	44	29	7	116	153	51
Other Fixed Interest	3	6	6	13	22	25
Commercial, Industrial	273	329	816	1,059	1,265	3,357
Financial & Property	96	283	442	490	923	1,868
Oil & Gas	21	26	34	74	83	167
Plantations	0	2	6	1	5	26
Mines	6	81	48	105	226	203
Others	26	63	32	155	179	155
Totals	469	819	1,391	2,013	2,856	5,852

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3057.3 –15.3	3478.9 –10.9	1518.59 –6.50

	Sep 3	Day's change	Sep 2	Sep 1	Aug 31	year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return	1993 High	1993 Low	Since Compilation High	Since Compilation Low
FT-SE 100	3057.3	–0.5	3072.6	3085.1	3100.0	2362.2	3.76	5.64	21.89	66.57	1105.87	3100.6 27/8	2737.6 19/1	3100.6 27/8/93	986.9 23/7/84
FT-SE Mid 250	3478.9	–0.3	3489.8	3495.7	3511.9	2206.0	3.48	5.49	22.38	63.78	1246.82	3513.3 27/8	2876.3 13/1	3513.3 27/8/93	1379.4 21/1/86
FT-SE Mid 250 ex Inv Trusts	3495.4	–0.3	3505.9	3511.1	3525.3	2214.1	3.57	5.86	21.15	65.03	1248.07	3525.5 27/8	2874.6 1/1	3525.5 27/8/93	1378.3 21/1/86
FT-SE-A 350	1531.9	–0.5	1539.0	1544.4	1551.8	1135.3	3.70	5.60	22.08	32.15	1135.05	1552.2 27/8	1348.7 19/1	1552.2 27/8/93	664.5 14/1/86
FT-SE SmallCap	1780.31	.....	1779.77	1776.88	1783.57	–	3.13	3.85	36.08	29.00	1336.21	1783.57 31/8	1377.88 4/1	1783.57 31/8/93	1363.79 31/12/92
FT-SE SmallCap ex Inv Trusts	1779.62	+0.1	1777.29	1774.85	1778.05	–	3.30	4.23	33.92	30.14	1336.75	1779.62 3/9	1380.05 4/1	1779.62 3/9/93	1363.79 31/12/92
FT-A ALL-SHARE	1518.59	–0.4	1525.09	1530.09	1537.21	1116.31	3.66	5.50	22.62	31.43	1145.25	1537.57 27/8	1330.19 19/1	1537.57 27/8/93	61.92 13/12/74
1 CAPITAL GOODS(214)	1085.48	–0.1	1086.67	1091.32	1098.82	892.85	3.65	3.84	34.34	21.87	1275.35	1099.13 27/8	869.89 13/1	1099.13 27/8/93	50.71 13/12/74
2 Building Materials(26)	1164.35	–0.1	1165.00	1158.48	1173.33	883.85	3.92	3.22	44.08	21.58	1345.77	1183.21 25/8	882.69 12/1	1381.06 16/7/87	44.27 11/12/74
3 Contracting, Construction(29)	1036.88	–0.2	1038.98	1033.50	1041.30	519.19	3.17	1.28	80.00†	14.39	1431.90	1044.65 18/8	716.61 20/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals(15)	3126.35	+0.1	3123.39	3125.47	3135.68	2046.56	4.33	3.44	36.32	74.00	1263.70	3191.56 9/8	2533.89 13/1	3191.56 9/8/93	84.71 25/6/62
5 Electronics(36)	2910.74	–0.9	2937.23	2977.84	3008.52	1922.42	2.97	5.73	21.36	62.97	1274.46	3008.52 31/8	2304.14 18/1	3008.52 31/8/93	1229.01 8/10/85
6 Engineering-Aerospace(7)	438.56	–1.3	445.25	455.40	454.96	291.74	3.22	‡	‡	6.61	1517.71	463.00 18/8	294.58 13/1	502.42 13/6/90	243.47 24/11/92
7 Engineering-General(48)	626.05	+0.8	621.32	624.13	627.97	424.32	3.45	5.63	21.48	12.41	1253.94	637.68 18/8	519.76 12/1	637.68 18/8/93	339.57 23/1/91
8 Metals & Metal Forming(10)	458.52	.....	458.50	461.05	457.58	288.65	2.38	‡	‡	6.45	1448.36	471.87 16/8	319.37 5/1	596.67 9/10/87	49.65 6/1/75
9 Motors(20)	460.91	.....	460.84	457.64	459.74	287.17	4.75	4.11	33.67	10.47	1264.25	469.92 18/8	380.98 25/1	469.92 18/8/93	19.91 6/1/75
10 Other Industrials(19)	2276.38	+0.1	2273.91	2268.37	2301.41	1527.36	3.97	5.05	23.67	51.39	1174.01	2301.41 31/8	1948.15 19/1	2301.41 31/8/93	277.55 15/1/81
21 CONSUMER GROUP(233)	1743.40	–0.5	1752.98	1749.86	1753.48	1498.69	3.31	6.43	18.86	30.47	1013.01	1773.10 4/1	1570.86 21/7	1773.10 4/1/93	61.41 13/12/74
22 Brewers and Distillers(29)	1983.50	–0.7	1997.03	2040.73	2053.20	1905.49	3.72	7.79	15.50	42.12	971.31	2091.43 4/1	1800.90 20/5	2278.85 11/5/92	69.47 13/12/74
25 Food Manufacturing(22)	1380.14	–0.8	1390.61	1391.96	1403.64	1086.39	3.69	7.07	16.86	28.07	1064.97	1471.34 10/3	1241.08 21/7	1471.34 10/3/93	59.67 11/12/74
26 Food Retailing(17)	3002.85	+0.1	2999.39	3041.90	3086.03	2635.43	3.11	8.60	14.45	52.25	941.62	3427.94 28/1	2681.33 15/7	3427.94 28/1/93	54.25 11/12/74
[illegible]															

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	High/day	Low/day
FT-SE 100	[illegible]											
FT-SE Mid 250	[illegible]											
FT-SE-A 350	[illegible]											

FT-SE Actuaries 350 Industry Baskets

											Prev close	change
Construction	[illegible]											
Health&H	[illegible]											
Water	[illegible]											
Banks	[illegible]											

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
[illegible]								

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Pool purchase price	Pool purchase price	Pool selling price
0030	20.58	20.68	24.99
0100	20.45	18.79	29.08
0130	20.33	33.00	37.86
0200	20.33	33.00	37.87
0230	20.33	17.92	17.92
0300	20.33	33.00	33.00
[illegible]			

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	158.1	159.6	168.0	-0.80	0.00
AIB Grofund Equity	5	220.0	222.2	236.1	-0.30	1.39
AIB Grofund Euro	5	161.7	181.4	193.1	+0.50	0.20
AIB Grofund Expt Balanced	3	107.6	109.9	113.3	+1.40	1.75
AIB Grofund Gilt	3	78.63	78.64	81.07	-0.19	4.62
AIB Grofund Japan	5	187.1	188.9	198.7	+1.40	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	5	458.1	459.5	488.9	-1.8	2.26
General Acc	6	502.5	504.2	536.4	-2.0	2.26
UK Growth Acc	6	333.5	337.9	359.5	-2.04	2.47
UK Growth Inc	6	235.4	239.5	254.8	-1.4	2.47
Higher Inc Acc	6	620.9	629.0	669.2	-3.3	3.50
Higher Inc Inc	6	377.2	382.2	406.6	-2.0	3.50
Gilt/Fxd Int Acc	5¼	186.6	186.6	197.0	+0.2	5.90
Gilt/Fxd Int Inc	5¼	95.40	95.40	100.7	+0.1	5.90
Nth America	6	250.6	253.2	269.4	+0.3	0.00
Far East	6	323.5	335.6	357.1	+2.5	0.70
Europe	6	248.6	252.6	268.8	+1.1	0.70
Brit Excel	6	68.31	62.31	72.67	-0.39	2.53
Brit Fndmtls Acc	6	94.70	95.88	102.0	-0.5	4.33
Brit Fndmtls Inc	6	73.48	74.44	79.20	-0.35	4.33
Global Opps	6	78.02	79.47	84.55	+0.09	0.02
Balanced Acc	6	51.02	51.62	54.92	-0.15	2.45
Balanced Inc	6	51.02	51.62	54.92	-0.15	2.45
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
Gilt & Fixed Int	6	135.2	135.2	143.3	-0.8	5.58
High Inc Equity	6	160.8	163.9	174.0	-0.4	4.52
Worldwide Bond	6	272.6	272.6	289.9	-0.4	3.63
American Growth	6	294.7	294.7	315.1	-2.4	1.14
Asian Pacific	6	258.0	261.1	280.9	+0.9	.29

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
MGM Unit Managers Ltd (1000)F						
MGM House, Heene Rd, Worthing						
Dealing: 0277 261010. Enq: 0903 204631						
European Growth	6	72.17	72.57	77.30	+0.11	0.60
High Income	5	287.3	290.4	308.9	-0.7	4.24
(Accum Units)	5	498.4	503.9	536.0	-1.2	4.24
Intl Bond	5	69.46	69.46	73.05	+0.07	5.69
Intl Equity Growth	5	66.49	66.49	70.73	—	0.62
North American Growth	5	94.04	94.40	100.42	-0.2	0.70
Special Sits Growth	5	20.22	20.52	21.82	-0.05	1.94
UK Growth	5	355.1	357.3	380.1	-1.1	2.53
(Accum Units)	5	447.4	450.2	478.9	-1.4	2.53
MW Investment Managers Ltd (0650)F						
46 Court St, Haddington, E. Lothian 062-082 5867						
MW Joint Investors	0	1243.2	1245.2	1275.4	+6.9	3.5
Maldon Unit Trust Managers Ltd (1400)F						
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031-222 4242						
Maldon General	0	138.1	138.1	143.1	—	4.06

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Smaller Co's	5¼	28.73	28.73	30.74	+0.08	0.78
(Accum Units)	5¼	31.09	31.09	33.43	+0.08	0.78
Special Sits	5¼	34.33	34.33	36.91	-0.05	1.65
(Accum Units)	5¼	39.54	39.54	42.51	-0.07	1.65
Sterling Deposit	0	100.7	100.7	100.7	—	5.25
(Accum Units)	0	103.1	103.1	103.1	—	5.25
Tokyo	5¼	93.39	93.39	99.81	+0.82	0
(Accum Units)	5¼	94.34	94.34	100.6	+0.82	0
UK Equity	5¼	167.1	167.1	178.2	-0.60	2.63
(Accum Units)	5¼	314.2	314.2	335.1	-1.20	2.63
US Smaller Cos	5¼	109.4	109.4	117	+0.60	0
N&P Unit Trust Management Ltd (1200)F						
35 Fountain St, Manchester M2 2AF 061-237 5322						
N&P UK Growth	5½	69.40	70.18	74.66	-0.30	2.61
N&P UK Income	5½	107.39	108.40	115.40	-0.40	3.45
N&P Gilt & Fixed Int	3½	78.18	78.70	83.29	-0.03	6.63
N&P Higher Income	5½	210.90	216.40	229.29	-0.40	4.48
N&P Smaller Co's	5½	76.90	78.65	83.66	+0.65	1.62
N&P International	5½	91.88	93.05	98.99	+0.34	1.75

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. *The managers must deal at a forward price on request, and may move to forward pricing at any time.*

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Singer & Friedlander UT Mgmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1700)F

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Life Tst Mgmt Ltd (0730)H

State Street Unit Trust Mngmt Ltd (1400)F

Foreign & Colonial Unit Management Ltd

Funds in Court*

Gerrett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO Asset Management Ltd

Jupiter Merlin Unit Trust Managers Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd ‡

Local Authorities Mutual Invest. Tst.*

INSURANCES

OTHER UK UNIT TRUSTS

Albany Life Assurance Co Ltd - Contd.

Allied Dunbar Assurance Plc

Citibank Life

Eurolife Assurance Company Ltd

Family Assurance Society

Hill Samuel Life Assur. Ltd - Contd.

London & Manchester Assurance - Contd.

M & G Life and M & G Pensions

Norwich Union Life Insurance Soc.

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Providence Capital Life Assc. Co Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Group Pension Funds				
Equity Acc.	1182.0	1218.6	-1.3	-
Fixed Interest Acc.	939.3	987.4	-2.2	-
Managed Acc.	177.4	180.9	-0.3	-
Alpha Funds				
UK Alpha		229.2	—	-
US Alpha		110.4	—	-
Gilt Alpha		89.8	—	-
Gold Alpha		93.2	—	-
Japan Alpha		48.4	—	-
US Dollar Alpha		72.9	—	-
Yen Alpha		77.0	—	-
D-Mark Alpha		80.6	—	-
European Alpha		92.4	—	-
Alpha Pension Funds				
UK Alpha		248.4	—	-
US Alpha		125.1	—	-
Gilt Alpha		90.8	—	-
Gold Alpha		94.2	—	-
Japan Alpha		48.9	—	-
US Dollar Alpha		78.3	—	-
Yen Alpha		83.5	—	-
DM Alpha		90.3	—	-
European Alpha		95.6	—	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pensions)				
Managed Fund		183.4	-0.2	-

Provident Mutual Life Assc. Assn.

6 Hills Way Stevenage Herts SG1 2ST 0438 732000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	442.8	466.1	-0.7	-
Managed Init.	311.0	327.4	-0.6	-
Equity Ord.	683.8	639.7	-2.4	-
Equity Init.	466.3	490.8	-1.8	-
Index Linked Gilt Ord.	203.0	213.7	-0.2	-
Index Linked Gilt Init.	148.9	156.7	-0.2	-
Overseas Equity Ord.	361.2	380.2	+0.2	-
Overseas Equity Init.	253.7	267.1	+0.2	-
Property Ord.	233.1	245.4	—	-
Property Init.	163.8	172.4	+0.1	-
Fixed Interest Ord	278.8	293.5	-0.7	-
Fixed Interest Init.	195.6	206.1	-0.5	-
Deposit Ord	198.2	208.6	—	-
Deposit Init.	139.2	146.5	—	-

Save & Prosper Group (z)

16-22 Western Rd, Romford RM1 3LB 0708-766966

	Bid Price	Offer Price	+ or -	Yield Gross
A.G. Bond Fd.	141.1	149.4	-0.1	-
Bal Inv Fd	701.9	742.8	-0.8	-
Deposit Fd†	353.4	374.0	—	-
Directors' Portfolio	77.3	81.8	-0.3	-
Equity Pens Fd	176.9	187.3	-1.2	-
European Mngd Fd	61.8	65.2	—	-
Gilt Fd	511.3	541.1	-1.2	-
Gilt Pens Fd	140.8	140.0	-0.6	-
Global Equity Fd	220.1	233.0	+0.9	-
Global Eq Pens Fd	209.4	221.8	+1.0	-
High Int Pens Fd†	129.2	136.8	+0.1	-
Japanese Mngd Fd	75.7	80.2	+0.8	-
Managed Income Fd	50.5	53.6	-0.1	4.89
Max Pens Fd	180.2	190.7	-0.3	-
North American Mngd Fd	67.2	71.2	+0.3	-
Pacific Mngd Fd	70.0	74.1	+0.1	-
Property Fd*	89.4	94.7	—	-
Prop Pens Fd*	114.6	121.3	—	-
Thornton Lambert Managed	207.3	219.4	+0.4	-
UK Capital Portfolio	58.7	62.2	-0.1	-
UK Managed Gth Fd	57.0	60.4	-0.3	-

†Weekly dealings. *Fortnightly dealings

Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	435.5	458.5	-1.50	-
Equity	548.3	577.2	-1.40	-
Property	248.0	261.1	—	-
International	434.0	456.9	-3.40	-
Japanese	125.7	132.4	-0.40	-
Asia Pacific	150.9	158.9	-1.30	-
European	119.2	125.5	-0.80	-
American	154.0	162.2	-2.20	-
Fixed Interest	364.6	383.8	-0.80	-
Index-Linked Gilt	197.3	207.7	-0.20	-
Cash	222.0	233.7	—	-
Life Funds (Second Series)				
Managed	121.4	127.8	-0.40	-
Equity	118.0	124.3	-0.30	-
Property	104.4	109.9	+0.10	-
International	134.3	141.4	-1.70	-
Japanese	126.2	132.9	-0.30	-
Asia Pacific	148.2	156.1	-1.20	-
European	118.3	124.6	-0.90	-
American	[illegible]	[illegible]	[illegible]	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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John Govett (Channel Islands) Ltd (1000)F
6 Minden Place, Helier, Jersey 0534 38576

Global Stock Inv Ltd (Fmly Govett Portfolios)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Global Equity		-	-	-	-	-
Global High Income	5½	$11.15	11.15	11.18	—	10.5
Dollar Cash	5½	$8.94	8.94	8.97	—	3.00
Japanese Smllr Cos	5	Y978	978	981	+9	0.00
Far East Equity	5½	$17.08	17.08	17.80	-0.06	1.00
US Smaller Cos	5½	$17.88	17.88	18.09	+0.09	0.75
European Equity	5½	[illegible]	13.32	13.86	+0.07	2.00
UK High Income	5	£5.58	5.58	5.61	-0.01	10.70

Initial charge may alter for sales in other jurisdictions

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F
PO Box 63, Bond Street, St. Helier, Jersey 0534 604614

Lloyds Bank (CI) U/T Mgrs.
PO Box 195, St Helier, Jersey 0534 284242

Dealing daily

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 606000

Prudential Fund Managers (Jersey) Ltd
PO Box 103, St Helier, Jersey 0534 70000

Bank Von Ernst & Cie AG - Contd.
International Sub-Funds

Global Equity	$-	10.81	-	+0.05	-
Global Bond	$-	12.00	-	+0.01	-
Global Base Div	$-	10.52	-	+0.01	-
Global Managed	$-	10.06	-	+0.05	-

Banque Scandinave a Luxembourg SA
16 Boulevard Royal, L-2449, Luxembourg

Barclays Diversified Portfolio
14 rue Aldringen L-1118

Jupiter Tyndall Global Fund
13 rue Goethe L-1637 Luxembourg

Kleinwort Benson Japanese Warrant Fund
14 rue Aldringen Luxembourg

Kleinwort Benson Select Fund
14 Rue Aldringen L-1118 Luxembourg

Latin American Securities Ltd

ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (REGULATED)(**)

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Sep 2	Sep 1	Aug 31	Aug 30	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3626.10	3645.10	3651.25	3643.99	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.35	109.39	109.34	109.45	109.45 (30/8)	103.49 (11/1)	109.45 (30/8/93)	54.99 (1/10/81)
Transport	1631.98	1650.78	1665.53	1651.21	1683.08 (18/4)	1453.84 (4/1)	1683.08 (18/4/93)	12.32 (8/7/32)
Utilities	253.63	255.34	256.46	255.21	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3660.18 (3665.50) Low 3610.17 (3619.67) (Theoretical♦)
Day's High 3640.46 (3655.72) Low 3623.59 (3638.40) (Actual♦)

STANDARD AND POOR'S

	Sep 2	Sep 1	Aug 31	Aug 30	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	461.30	463.15	463.56	461.90	463.56 (31/8)	429.05 (8/1)	463.56 (31/8/93)	4.40 (1/6/32)
Industrials♥	522.17	524.10	524.47	522.90	524.99 (10/3)	496.48 (28/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	46.81	47.05	47.11	46.88	47.11 (31/8)	39.89 (8/1)	47.11 (31/8/93)	8.64 (1/10/74)
NYSE Composite	256.11	256.88	256.88	256.04	256.88 (31/8)	238.21 (8/1)	256.88 (31/8/93)	4.46 (25/4/42)
Amex Mkt. Value	461.28	458.97	458.60	456.27	461.28 (2/9)	395.84 (8/1)	461.28 (2/9/93)	29.31 (9/12/72)
NASDAQ Composite	748.65	746.15	742.86	737.38	748.65 (2/9)	645.87 (26/4)	748.65 (2/9/93)	54.87 (31/10/72)

	Aug 27	Aug 20	Aug 13	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.82	2.88	3.16
	Sep 1	**Aug 25**	**Aug 18**	**year ago (approx.)**
S & P Industrial div. yield	2.45	2.46	2.48	2.63
S & P Indl. P/E ratio	28.07	27.88	25.80	27.52

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Merck	6,406,400	33⅛	+ 1⅝
Wal-Mart	6,053,800	24½	- 1¼
Fed Dept	3,542,400	20	- ⅞
RJR Nabisco	3,371,300	4⅞	- ⅛
Nationsbank	3,362,000	50¼	- ⅞
East Kodak	3,351,100	59¼	- ⅛
Glaxo	3,049,700	18⅞	+ ½
Bristol Myers	2,761,400	57	+ ⅞
Philip Morris	2,557,500	48½	- ¼
Jhnsn & Jhnsn	2,532,000	40⅞	+ ½

TRADING ACTIVITY

† Volume (Millions)	Sep 2	Sep 1	Aug 31
New York SE	259.694	244.963	240.975
Amex	22.133	17.265	16.840
NASDAQ	294.779	281.360	269.904
NYSE			
Issues Traded	2,814	2,589	2,621
Rises	935	1,009	1,172
Falls	1,030	926	779
Unchanged	659	654	670
New Highs	159	176	164
New Lows	10	9	8

CANADA

TORONTO	Sep 2	Sep 1	Aug 31	Aug 30	1993 HIGH	1993 LOW
Metals & Minerals	3115.22	3121.13	3109.19	3120.93	3140.94 (16/8)	2743.31 (21/1)
Composite	4137.09	4143.70	4137.60	4138.80	4143.70 (1/9)	3275.80 (21/1)
MONTREAL Portfolio	1957.40	1963.55	1958.98	1957.20	1983.55 (1/9)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Sep 3	Sep 2	Sep 1	Aug 31	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1952.0	1968.4	1977.1	1962.2	1977.10 (1/9)	1495.00 (13/1)
All Mining (1/1/80)	851.8	868.8	878.5	878.8	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	402.25	400.58	401.79	403.05	403.05 (31/8)	300.26 (14/1)
Traded Index (2/1/91)	1018.98	1015.19	1014.31	1014.06	1018.98 (3/9)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1350.64	1315.50	1317.38	1306.76	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	335.32	337.22	334.82	334.24	340.58 (19/8)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1371.3	1375.4	1416.0	1431.1	1492.90 (19/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	595.32	593.90	600.39	600.51	600.51 (31/8)	471.34 (13/1)
CAC 40 (31/12/87)	2156.09	2185.12	2191.93	2216.49	2216.49 (31/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	743.36	739.03	744.58	748.41	748.41 (31/8)	598.92 (14/1)
Commerzbank (1/12/53)	2120.3	2106.7	2122.7	2128.6	2128.60 (31/8)	1694.30 (14/1)
DAX (30/12/87)	1925.16	1925.62	1918.56	1944.89	1944.89 (31/8)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7512.13	7493.45	7542.19	7549.73	7805.26 (19/8)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1740.44	1740.72	1740.02	1753.68	1754.84 (19/8)	1191.16 (11/1)
ITALY						
Banca Com. Ital. (1972)	628.95	630.86	625.67	631.84	632.86 (30/8)	446.33 (8/1)
MIB General (4/1/93)	1383.0	1365.0	1376.0	1389.0	1390.00 (30/8)	992.06 (11/1)
JAPAN						
Nikkei (16/5/49)	21116.21	20983.20	20853.30	21026.60	21116.21 (3/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1698.67	1693.96	1689.41	1693.09	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	2270.25	2268.58	2260.25	2252.35	2384.97 (7/8)	1651.72 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	851.43	851.16	821.04	(c)	851.43 (3/9)	614.28 (13/1)
NETHERLANDS						
CBS TtlRtn.Gen.(End 1983)	375.3	380.7	382.5	385.2	385.20 (31/8)	286.70 (4/1)
CBS All Shr (End 1983)	245.8	249.4	250.5	252.3	252.30 (31/8)	196.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	934.47	927.41	927.49	930.39	979.17 (13/8)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1877.75	1842.72	1822.20	1780.79	1877.75 (3/9)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	518.08	512.14	509.43	507.57	518.08 (3/9)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1645.0♥	1722.0	1762.0	1747.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4589.0♥	4620.0	4627.0	4633.0	4719.00 (6/7)	4331.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	680.36	678.03	674.06	684.68	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	294.35	296.31	295.09	303.12	304.86 (30/8)	215.60 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1282.7	1273.9	1262.1	1281.4	1339.10 (18/8)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1062.1	1065.0	1064.9	1071.9	1077.90 (25/8)	904.60 (11/1)
SBC General (1/4/87)	839.2	844.8	848.0	852.4	854.70 (25/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3917.12	3862.70	3859.09	3892.04	5013.38 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	991.32	987.11	978.91	963.16	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	600.3*	600.2	602.0	603.6	603.60 (31/8)	486.60 (13/1)
Euro Top-100 (26/6/90)	1120.01	1119.85	1119.90	1132.03	1133.15 (30/8)	862.73 (13/1)

**Saturday August 28: Taiwan Weighted Price; 3827.75. Korea Comp Ex; 680.82.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Bond market finally pays off for Dow

Wall Street

US equities resisted pressure from unexpectedly weak employment figures and turned broadly higher at mid-session because of record-breaking bond yields, *writes Karen Zagor in New York.*

At 12.30 pm, the Dow Jones Industrial Average was up 9.78 at 3,635.88. The more broadly based Standard & Poor's 500 was 0.75 higher at 462.05, while the Amex composite was down 0.84 at 460.44, and the Nasdaq composite off 0.31 at 748.34. Trading volume on the NYSE was extremely light, as investors drifted out of the market ahead of the Labor Day long weekend. By 12.30 pm, less than 117m shares had changed hands. Rises outnumbered declines by 928 to 818.

The economic news of the day had a dramatic impact on bond prices. The Treasury's benchmark 30-year long bond soared 1$\frac{1}{32}$ to 104¼ for a record low yield of 5.942 per cent, following reports that non-farm payrolls for August had dropped by 39,000. Wall Street economists had forecast a 150,000 rise in employment for the month. The numbers added the finishing touches to the picture of a weak economy.

The tumbling bond yields helped lift equities, which turned broadly higher at mid-session after posting mild morning losses.

Advanced Micro Devices fell $1⅞ to $29¼ after the company said that its engineers had been influenced by Intel's 386 microcode while developing Advanced Micro's Am486SX microcode. "Evaluation of the AM486SX microcode indicates that some portion of the 386 microcode was probably incorporated," AMD said. Intel and AMD have been involved in litigation concerning AMD's right to clone Intel chips for some years. A California Supreme Court on Thursday agreed to review a ruling granting cloning rights to AMD. Shares in Intel slipped $½ to $62½.

Drug and healthcare stocks were among the most actively traded stocks for the second day. The sector gave up some of its gains made on Thursday, which had followed reports that President Bill Clinton had forsaken his plan to impose mandatory price controls on drugs as part of his health care reform package.

Shares in Merck, which had advanced $1⅝ on Thursday, eased $¼ to $32⅝. Other actives included Glaxo Holdings ADRs, down $⅛ to $18⅝, and Schering-Plough, steady at $63. Bristol-Myers Squibb bucked the trend, *adding to its gains* on Thursday by rising $⅝ to $57⅝. United Healthcare eased $½ to $61⅝, while US HealthCare fell $⅞ to $46¼.

In Nasdaq trading, St Jude Medical lost $1¼ to $30 on reports that an analyst at Oppenheimer & Company expects increased competition for its mechanical heart valves by the end of the year.

Canada

TORONTO recovered a little from its morning lows but the TSE 300 composite index still fell 13.69 to 4,123.40 at midday. Volume was 27.7m, turnover C$310.5m and declines led advances by 295 to 271 with 287 unchanged.

The gold and silver index showed an exaggerated version of the overall trend in early afternoon, down by around 1.9 per cent to about 9,100 by 1 pm, but still nearly 40 points above its worst of the day.

SOUTH AFRICA

THE overnight drop in the bullion price left Johannesburg's gold index down 77, or 4.5 per cent, at 1,645. Industrials came off in quiet trade, losing 21 at 4,599 as negative sentiment spilled over, and the overall index shed 55 at 3,955.

Paris takes breather after scaling new heights

The recent rally in equities has been driven by hopes of lower interest rates, writes **David Buchan**

After scaling record heights in late August, French equities started September by having a breather, and taking profits. *Having gone over the 2,200* level earlier in the week, the CAC-40 index closed yesterday at 2,156.09, a week's fall of 1.3 per cent.

This may be just as well. If the market continued dizzily upwards, the government of Mr Edouard Balladur might over-price its forthcoming privatisation offers.

One of these is Rhône-Poulenc, whose president, Mr Jean-René Fourtou, said last week that, given the economy's bad state, he could not understand what was driving the market so high.

Certainly, the boom has been particularly spectacular since the end of July. On the last day of that month, when the monetary crisis coincided with settlement deadlines, a record *FFr12bn ($2bn) worth of shares* was traded in just one session. The previous record had been FFr8bn on March 26, just before Mr Balladur's conservatives swept into government.

During August, some FFr90bn worth of shares were traded, or three times the level a year earlier. The CAC-40 index put on nearly 5 per cent in the last week of August.

To the professed puzzlement of Mr Fourtou, the bourse seems to be reading any worsening of the macro-economic news as simply accelerating a reduction in interest rates. But the surge on the market has also been part of a general boom on European exchanges, reflecting expectations that the continental recession is now bottoming out and that, with the corset of the European exchange rate system at last loosened, interest rates in Germany's partner countries can be sharply reduced.

"The French authorities now have flexibility in their monetary policy," says Mr Piers Butler of Baring Securities in Paris. "They have not used it yet. But it is only a matter of time before prevailing economic conditions, unemployment which is still rising and consumption which is still stagnating obliges them to do so."

Only a month after it emptied its reserves in a vain attempt to maintain the franc's parity within an unchanged exchange rate mechanism, the Bank of France is still trying to restock its coffers with D-marks at a reasonably strong exchange rate in terms of francs.

But one minister particularly close to Mr Balladur says that *the government's new watchword* in monetary policy is "pragmatism", and hints that once the central bank has replenished its reserves, it may well start slicing official interest rates. One institution, the Caisse d'Epargne in the Paris region, has already gambled on this by slashing three percentage points off consumer credit charges to its clients last week.

Interest rate cuts would not only help equities directly by boosting the share-issuing companies, but also indirectly by reducing the attractiveness of competing investments, such as Sicav money market funds and bonds.

The Balladur bond issue brought in FFr110bn to help finance public works and housing and to give the government bridging finance before it gets the receipts from its privatisation programme.

Not only did "Ballabond" subscribers finance their investment by moving as much as FFr80bn out of Sicav funds, but much of the bond issue may end up in equities because of the special provisions encouraging holders to convert bonds into shares of privatised companies.

Some FFr1,000bn still remains in Sicav money funds. If only 10 per cent of this were to move into equities, it would have "a very considerable effect" on the relatively small proportion of shares regularly traded, says Mr Marc Loneux, head of research at Bacot Allain Warburg.

The summer boom pushed *the bourse's market capitalisation* to FFr2,335bn by the end of August, according to Mr Hervé de Laitre of the Société des Bourses Francaises (SBF) which runs the Paris market. But Mr Loneux reckons that only about half of these shares, just over FFr1,000bn, "float freely", with the rest held long-term.

The Paris market has also drawn fresh interest from abroad, particularly the US, in spite of the fact that foreigners already own a third of all French shares. "The British moved in heavily a year ago", says Mr Butler, "but we have recently seen more money arrive from the US where a number of institutions are underweight in *foreign, especially European* equities".

There is thus plenty of liquidity at the moment. With the government aiming to get around FFr40bn for the sale of its stakes in Banque Nationale de Paris (BNP) and of Rhône-Poulenc, "privatisation will only soak up a part of this liquidity this autumn", says Mr Loneux.

Whether the market will be able eventually to absorb smoothly all 21 companies on the privatisation list, worth a possible FFr300bn, is another matter.

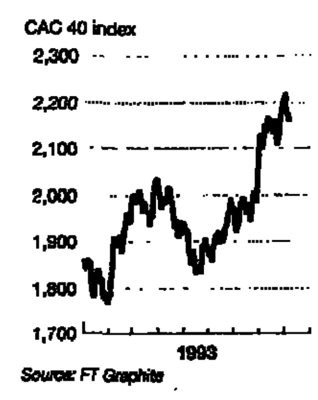
But if privatisation is an overall success, it would add 13 per cent to bourse capitalisation, says Mr de Laitre, compared to the 5.3 per cent increase created by the conservatives' last privatisation programme in 1986-7.

It should also swell the number of individual domestic investors, which fell from 6m to 4.5m in the last year as people took advantage of high interest rates attached to Sicavs.

The government has stepped in to help and has exempted investors from the bourse tax *on transactions of less than* FFr50,000 and put a maximum ceiling of FFr4,000 on this tax.

"It is another blow to this tax, which we hope one day will die altogether", says Mr de Laitre.

France



Source: FT Graphite

EUROPE

Devaluation talk lifts Brussels out of the doldrums

THE phenomenon of the day was the leap in Belgian equities, after a so-so week and a poor late August, *writes Our Markets Staff.*

BRUSSELS took hold of the view that a devaluation of the Belgian franc was imminent, and the Bel-20 index rose 35.14 to 1,350.64, a rise both on the day and the week of 2.6 per cent. Turnover was heavy at BFr3.3bn.

Mr Sebastian Scotney, Belgian specialist at Dillon Read, said that with the sharp rise in domestic interest rates in recent days and a fundamentally weak currency, it was a question of how long the authorities could continue to hold out against the pressure for devaluation.

Other factors contributing to the gains, Mr Scotney added, on what was also the start of the new account, included the fact the market had underperformed the rest of continental Europe by some 7 per cent since the middle of August and was attractive to foreign institutions.

Cyclicals showed the strongest rises, with CMB, the shipping group, up BFr45 to BFr2,090 in heavy volume while Société Générale de Belgique added BFr165 or 6.6 per cent to BFr2,680.

AMSTERDAM saw a sharp decline late in the session as a weaker dollar weighed on the market. Profit-taking was also much in evidence as the view took hold that a correction from recent high levels was desirable. The CBS Tendency index closed off 1.8 or 1.4 per cent at 127.7, barely changed on the week.

Chemical groups lost ground, with Akzo down Fl 4.20 to FL 172.00 and DSM Fl 2.00 at Fl 93.20; elsewhere, Royal Dutch fell Fl 2.70 to Fl 184.20 and Unilever Fl 3.80 to Fl 198.00.

Nedlloyd surprised with one of the few gains on the day, up Fl 1.20 to Fl 48.50, with traders unable to suggest an explanation, particularly in view of the shipping and road haulage group's recently disappointing interim results.

FRANKFURT ended flat as the big three chemicals stocks looked at the weaker dollar, and decided that Thursday's gains were going to be short-lived. The DAX index eased 0.46 to 1,925.16, 1.1 per cent higher on the week, as BASF and Hoechst fell by DM4 to DM254 and DM274.50, and Bayer by DM3.40 to DM303.60.

Turnover rose from DM7.9bn to DM8.6bn. On chemicals, brokers said that the market had also returned to consideration of their recession-hit, second quarter figures, issued last week and on Monday. Something similar seemed to happen to Linde, the engineer, down DM11 to DM794 on the day, and by DM46 on the week after a fall in profits on Tuesday.

There were bright spots. Porsche, the sports car maker, rose DM14 to DM644 after it said that it was reorganising its marketing structure and using more aggressive sales methods. Still in the transport field, hopes of a cooperation accord with a US partner and of a successful conclusion to talks on a US/German aviation agreement boosted Lufthansa, which closed DM4.90 higher at DM158.70.

ZURICH extended Thursday's profit taking in banks, and spread it into chemicals as the dollar began to weaken. UBS bearers topped the active list and fell SFr22 to SFr1,155, SBC came along with a fall of SFr11 to SFr462 and the SMI index lost 25.0 at 2,438.8.

The loss at Adia left the employment agency group SFr15, or 8.7 per cent lower at SFr157 while Schindler, the engineer, finished SFr100 higher at SFr5,750 on its growth prospects for 1993.

ISTANBUL lost 4.6 per cent as investors reacted nervously to news of Iranian and Turkish military movements near the Azeri border. The composite index fell 568.2 to 11,655.2, a week's decline of 3 per cent. Turnover slipped slightly to TL1,100bn from Thursday's record TL1,400bn.

FT-SE Actuaries Share Indices

September 3 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1307.24	1306.99	1305.41	1302.90	1302.13	1300.12	1294.77	1293.60
FT-SE Eurotrack 200	1387.87	1389.57	1387.43	1387.41	1384.54	1388.18	1383.67	1384.27

	Sep 2	Sep 1	Aug 31	Aug 27	Aug 26
FT-SE Eurotrack 100	1302.75	1305.63	1319.96	1308.15	1298.46
FT-SE Eurotrack 200	1385.48	1385.51	1396.45	1397.66	1384.05

Base value 1000 (26/10/90) High/day: 100 - 1307.45; 200 - 1393.19 Low/day: 100 - 1293.30 200 - 1382.97.

ASIA PACIFIC

Nikkei, Pacific Rim register new highs

Tokyo

THE Nikkei index hit a new high for the year as the second section debut of DDI, the telecom company, encouraged sentiment, *writes Emiko Terazono in Tokyo.*

Buying by foreign investors and index-linked purchases took the Nikkei up 133.01 to 21,116.21; it opened at the day's low of 20,984.50 and advanced to a high of 21,281.08 in the afternoon session.

Volume jumped from 364m shares to 480m, topping 400m for the first time since August 13. Advances led declines by 576 to 448 with 169 unchanged and the Topix index of all first section stocks advanced 4.69 to 1,698.67, a new high for the year. In London, the ISE/Nikkei 50 index rose 3.07 to 1,305.07.

DDI saw strong buying interest and the stock fetched an initial price of Y5.5m, sharply higher than its public offering price of Y3.7m. Its strong growth prospects, compared to those of Nippon Telegraph and Telephone, encouraged investors and the issue closed at Y5.41m.

Rumours that Yamaichi Securities would incur losses, because of irregular sales of US mortgage funds, dampened sentiment in the afternoon. However, strong buying supported blue chips and the overall index managed to sustain its gains.

In spite of the popularity of DDI, NTT closed down Y14,000 to Y955,000 on profit-taking. Yamaichi plunged Y19 to Y824. After the market closed the broker said that it would pay up to Y10bn in damages to customers who suffered losses due to misinformation by Yamaichi's sales staff. However, other brokers were higher, with Nomura Securities up Y30 to Y2,300 and Nikko Securities gaining Y30 to Y1,370.

Large capital stocks were lower on profit-taking. Nippon Steel fell Y11 to Y364 and Mitsubishi Heavy Industries lost Y7 to Y683.

In Osaka, the OSE average gained 75.68 to 23,035.67 in volume of 66.2m shares. The index rose above the 23,000 level for the first time since June 11.

Roundup

THE region produced three new highs.

SINGAPORE registered its third consecutive peak, the Straits Times Industrial index ending 19.80 higher at 2,041.67, 1.7 per cent higher on the week.

Volume was 384.24m shares against 369.94m, reflecting further institutional buying.

KUALA LUMPUR just maintained its winning sequence after Thursday's 3.7 per cent leap, an afternoon rebound in core stocks lifting the KLSE composite index by a mere 0.25 to a new high of 851.43, up 5.3 per cent on the week.

Activity was focused on second-liners, led by Idris which rose 44 cents to M$3.52 in volume of 89.9m shares.

MANILA, once again, saw Wall Street strength in PLDT and followed it through to a new high, the composite index gaining 35.03 at 1,877.75, up 3.5 per cent on the week.

PLDT rose by $4 to $49⅝ in New York, but hit profit-taking at home where it settled 55 pesos higher at 1,360.

HONG KONG survived profit-taking to close with the Hang Seng index 18.68 higher at 7,512.13, 1.2 per cent better on the week.

Demand focused on defensive stocks like China Gas, which rose 20 cents to HK$14.80 and China Light, up 25 cents to HK$43.25.

TAIWAN dropped 1.2 per cent to a six-month low in thin turnover, the weighted index closing 45.58 down at 3,817.12, 2.6 per cent lower on the week on poor corporate earnings prospects.

AUSTRALIA was hit by the slide in the Australian dollar and bullion prices, the All Ordinaries index closing 16.4 down at 1,952.0, up a fraction on the week.

News Corp stood out in the weak market, soaring 40 cents to A$10.20 on reports that it was selling the Hong Kong-based South China Morning Post. However, the golds index tumbled 85.6 to 2,030.3.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 2 1993								WEDNESDAY SEPTEMBER 1 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	147.50	-0.9	145.70	98.69	126.46	147.87	-0.3	3.40	148.84	146.38	99.45	128.42	148.35	148.84	117.39	128.80
Austria (17)	175.47	+0.4	173.32	117.41	150.44	150.47	-0.2	1.29	174.71	171.83	116.74	150.74	150.75	175.47	131.16	150.57
Belgium (42)	147.84	+0.4	146.03	98.91	126.74	129.25	-0.3	4.43	147.19	144.75	98.33	126.99	129.58	156.76	131.19	142.44
Canada (107)	127.59	-0.6	126.03	85.37	109.38	122.65	-0.2	2.77	128.42	126.29	85.80	110.79	122.88	130.38	111.41	127.73
Denmark (33)	227.03	+0.6	224.25	151.91	194.64	210.36	+0.3	1.08	225.63	221.91	150.76	194.67	209.75	227.15	185.11	211.06
Finland (23)	104.73	-3.4	103.45	70.08	89.79	130.34	-2.6	0.93	108.38	106.59	72.42	93.51	133.86	118.56	65.50	80.06
France (97)	168.44	-0.1	166.37	112.69	144.39	153.44	-0.3	3.01	168.57	165.79	112.62	145.43	153.96	169.17	142.72	164.45
Germany (60)	126.67	+0.8	125.12	84.77	108.60	108.60	+0.2	1.94	125.64	123.56	83.98	108.40	108.40	126.67	101.59	118.28
Hong Kong (55)	295.67	-0.5	292.04	197.83	253.49	294.18	-0.4	3.35	297.01	292.10	198.44	256.26	295.50	301.61	218.82	235.22
Ireland (15)	169.26	-0.7	167.19	113.25	145.11	169.99	-0.5	3.29	170.46	167.65	113.89	147.07	170.77	171.98	129.28	157.96
Italy (70)	77.08	+0.7	76.13	51.57	66.08	91.94	+0.9	1.77	76.51	75.24	51.12	66.01	91.09	78.93	53.76	59.56
Japan (470)	158.97	+0.1	157.02	106.36	136.30	106.36	+0.2	0.78	158.84	156.22	106.13	137.06	106.13	165.91	100.75	113.14
Malaysia (69)	404.17	+2.4	399.21	270.42	346.49	396.70	+2.4	1.73	394.67	388.15	263.69	340.50	387.34	404.17	251.66	236.27
Mexico (19)	1743.68	+0.6	1722.29	1166.68	1494.87	5930.95	+0.5	0.83	1734.10	1705.44	1158.63	1496.13	5902.16	1764.86	1410.30	1299.08
Netherland (24)	185.40	+0.2	183.13	124.05	158.95	156.67	-0.5	3.45	185.04	181.98	123.63	159.65	157.51	185.40	150.39	166.98
New Zealand (13)	62.21	+1.7	61.44	41.62	53.33	58.91	+2.1	3.72	61.16	60.15	40.87	52.77	58.66	62.98	40.56	42.32
Norway (22)	173.36	+0.4	171.23	115.99	148.62	169.30	+0.0	1.56	172.66	169.81	115.37	148.97	169.32	177.31	137.71	146.68
Singapore (38)	287.19	+0.6	283.67	192.16	246.21	212.55	+0.6	1.62	285.60	280.88	190.82	246.40	211.37	287.19	207.04	192.88
South Africa (60)	191.42	-1.1	189.07	128.08	164.10	198.63	-0.8	2.61	193.56	190.36	129.32	166.99	199.90	215.29	144.72	192.95
Spain (43)	137.70	+0.0	136.01	92.14	118.05	140.36	+0.7	4.06	137.70	135.42	92.01	118.80	139.37	140.27	115.23	144.08
Sweden (36)	183.61	+1.4	181.36	122.86	157.42	221.94	+1.5	1.52	181.00	178.01	120.94	156.16	218.64	196.23	149.70	179.02
Switzerland (50)	136.96	+0.2	135.28	91.64	117.43	123.25	-0.3	1.76	136.70	134.44	91.34	117.95	123.65	136.98	108.91	114.46
United Kingdom (218)	187.79	-0.8	185.49	125.64	160.98	185.49	-0.4	3.78	189.30	186.18	126.47	163.31	186.18	189.50	162.00	186.34
USA (520)	188.55	-0.4	186.23	126.16	161.65	188.55	-0.4	2.72	189.26	186.13	126.46	163.30	189.26	189.40	175.38	170.31
Europe (750)	157.16	-0.1	155.23	105.16	134.74	148.89	-0.1	3.00	157.33	154.73	105.12	135.75	149.08	157.33	133.92	148.96
Nordic (114)	174.67	+0.6	172.52	116.87	149.74	184.15	+0.8	1.35	173.63	170.76	116.01	149.80	183.02	183.23	142.13	161.19
Pacific Basin (714)	163.18	+0.1	161.18	109.19	139.90	113.75	+0.2	1.04	163.05	160.36	108.95	140.68	113.50	168.80	105.89	117.22
Euro-Pacific (1464)	160.59	+0.0	158.62	107.44	137.67	128.13	+0.1	1.83	160.59	157.94	107.29	138.55	128.03	162.72	117.26	130.06
North America (627)	184.76	-0.4	182.49	123.63	158.42	184.05	-0.4	2.72	185.48	182.41	123.94	160.05	184.74	185.59	171.51	167.64
Europe Ex. UK (532)	137.69	+0.4	136.00	92.14	118.07	127.56	+0.0	2.49	137.20	134.94	91.89	118.40	127.53	137.68	112.51	126.47
Pacific Ex. Japan (244)	204.92	+0.1	202.40	137.13	175.69	190.33	+0.3	2.96	204.81	201.42	136.86	176.72	189.84	204.92	152.70	157.27
World Ex. US (1650)	160.77	+0.0	158.80	107.58	137.84	130.20	+0.1	1.85	160.81	158.15	107.45	138.75	130.11	162.78	118.51	131.33
World Ex. UK (1952)	167.19	-0.1	165.14	111.87	143.35	144.63	-0.1	2.01	167.34	164.57	111.81	144.39	144.73	168.13	134.22	139.43
World Ex. So. Af. (2110)	168.99	-0.1	166.92	113.08	144.89	147.88	-0.1	2.17	169.24	166.44	113.09	146.03	148.01	169.83	137.29	143.23
World Ex. Japan (1700)	176.40	-0.3	174.24	118.04	151.25	171.88	-0.2	2.81	176.87	173.94	118.18	152.62	172.30	176.87	157.47	160.91
The World Index (2170)	169.02	-0.2	166.94	113.09	144.91	148.33	-0.1	2.17	169.28	166.48	113.11	146.08	148.48	169.88	137.32	143.49

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Latest prices were unavailable for this edition.
Constituent deletion with effect 3/9/93: Finans. Gefion (Denmark).

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or −	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1993 high	1993 low	Yield	
[illegible]						

OTHER FIXED INTEREST

Notes	Price £	+ or −	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]						

Continued on next page

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FINANCIAL TIMES NEWSLETTERS

LONDON SHARE SERVICE

AMERICANS

	Notes	Price $	+ or −	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17¾xd	+¾	20⅞	15⅝	14,980	2.6
Allegheny & W	♥	612p	−31	722p	399p	360.6	3.3
Amdahl		314p	−11	591p	302¼p	352.6	1.1
Amer Cyanamid		35⅛	+⅛	38⅝	31¼	3,245	3.2
Amer Express		22⅛xd	+⅛	25⅛	14⅞	10,677	3.1
Amer T & T		41⅞xd	−⅛	43⅛	33⅛	96,429	2.1
Ameritech		57¼	−1¼	68½	46	25,066	4.3
Anheuser-Busch		32⅛	+⅛	41⅛	30⅛	8,890	2.8
BankAmerica		30⅝xd	−⅛	38⅛	27⅛	10,887	3.1
Bankers NY		53⅝xd	+⅛	54⅛	42⅝	4,304	3.8
Bell Atlantic		42⅞	—	42⅛	32¼	18,517	4.2
BellSouth		39¼	—	39⅝	32⅞	19,638	4.7
Bethlehem Steel	♥	8⅞xd	−⅛	13⅛	6⅞	803.3	−
Bowater		1339pxd	−21	1682p	1387p	485.2	3.0
CPC		30xd	−¼	34⅝	26	4,543	2.9
California Engy		1166p	−22	1479p	1086p	212.3	−
Chase Manhattan		22⅞xd	−⅛	34½	17⅞	3,570	3.5
Chrysler		28⅛xd	−⅛	32⅛	21¼	8,309	1.4
Citicorp		21⅛xd	+⅛	22⅛	13⅛	7,973	−
Colgate-Palm		34⅛xd	−⅛	45⅝	32	5,478	2.8
Cont'l Bank		1820p	−33	1677p	1278p	1,637	2.5
Dana		35⅛xd	+⅛	37⅛	29⅛	1,670	3.0
Data General		628p	+2	951p	527p	173.3	−
Decora Inds	♥	113p	—	148p	104p	−	−
Dun & Brad		40⅛	−⅛	42⅛	37⅛	7,288	4.0
Eaton		32⅛	−⅛	33⅛	25⅛	2,236	2.5
Echlin		18¼xd	−⅛	20½	15⅛	1,092	2.6

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

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ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

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HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot Asian Ptg	♣	220	—	225	136	–	234.8	6.3
Warrants		509	—	505	225	–	–	–
Scot East	♣†□	78¼	—	81½	63½	2.4	80.1	13.2
Scottish Inv	♣†□	214	-1½	222	183	2.7	250.8	14.5
Warrants	□	66	-½	70½	38	–	–	–
Scot Mortgage	♣□	216½	-½	226	178	2.3	245.4	11.8
Scot National Inc	♣□	89½xd	—	100	83	9.4	–	–
Cap	□	31	-1	35	18	–	98.4	87.5
Stepped Pf		158½xd	—	168½	150¾	4.9	–	–
Zero Div Pf		228	+½	228	207	–	–	–
Warrants		4½	—	5	2½	–	–	–
Scot Value	†a□	94	-½	95	71	2.4	92.1	-2.8
Sec Alliance	♣†	1563	-7	1592	1390	2.9	1700.5	8.0
Second Consol	□	185	-1	188	88	–	218.6	15.1
Second TIGSC	□	106	—	106	101	–	–	–
Second Market	♣s	378	+2	379	258	0.7	402.5	5.8
Sec Tst Scot	♣□	84½	-1	91	74½	4.8	89.1	4.3
Select Assets	□	165	—	157	109½	1.0	161.1	14.7
Eq Ind Seri		149	—	150	128	3.6	–	–
Eq Ind Sedi		140	—	160	138	3.6	–	–
SHIRESCOT	♣u	140xd	—	140	104	4.7	139.8	0.1
Spires	♣M	289	-1	286	231	7.5	279.0	0.2
Stent Select		145	—	150	97	0.9	161.9	10.4
Warrants		47	—	48	15	–	–	–
Smaller Cos	□	134	—	135	78	2.4	129.1	-3.4
Warrants		57	—	57	14	–	–	–
Sphere Inc	□	33	-½	35	14	12.0	44.3	26.7
Zero Div Pf		91½	-½	92	80¾	–	–	–
Units		895	—	895	785	–	–	–
Sumit		87	—	87	38	2.0	95.8	9.2
TR City of Lon	□	149½xd	-1	154	126	4.0	144.3	-3.8
TR Euro Growth	♣□	120	-1	126	76	1.4	125.4	4.3
Ptg Sub		68	—	68	27	2.5	–	–
TR Far East Inc	♣†□	153xd	—	164	112	3.7	149.7	-1.8
Warrants		48½	-1	57½	22	–	–	–
TR High Inc		132	—	133	102	5.7	124.7	-5.9
Sub		37	—	37	25	6.3	–	–
TR Pacific	♣□	156	-1	168	110	8.3	152.7	-1.5
TR Prop	♣□	29¾	-½	32	17	3.8	35.4	15.9
TR Smaller	♣N□	192	—	198	146	2.5	196.9	2.7
TR Technology	♣□	98½	-½	101	47	2.2	230.8	57.3
Units		2850	—	2850	2010	1.4	2705.1	5.7
Stepped Pf		142	—	142	111½	6.3	–	–
Zero Pf		222½	-½	223½	200½	–	–	–
Temple Bar	†♣□	332xd	-1	348	283	5.0	345.3	3.9
Templeton Em	□	317	+1	341	218	0.7	305.8	-3.7
Warrants		188	+1	288	100	–	–	–
Thompson Clive		174	+2	175	118	2.7	209.6	17.0
Thornton Asian	♣□	93	—	97	69	0.7	109.3	14.9
Warrants		17½	-1	20	7	–	–	–
Thornton Pan Euro		38	—	38	27	3.5	38.8	8.5
Warrants		1½	—	2	1	–	–	–
Throg Dual Inc		71	—	71	59	12.3	–	–
Cap		530	-3	550	363	–	762.0	30.1
Throg 1000 Smlr Cos	□	118	—	118	87	2.8	124.4	5.7
Warrants	□	29	—	31	11	–	–	–
Throgmorton Tst	♣□	76	—	78½	54	3.8	82.2	7.6
Tor Inc		373	—	373	333	13.4	–	–
Cap		955	-5	975	845	0.5	1400.4	31.5
Trust of Prop		79	—	82	50	2.4	89.0	11.8
Turkey Trust	♣a	258½	-4½	275	130	0.5	–	–
Warrants		116	-14	149	19	–	–	–
USDC	♣□	227	-1	231	178	2.5	264.3	14.1
US Smaller Cos		134	-1	152	123	0.3	137.3	2.4
Warrants		65	-1	80	52	–	–	–
Value & Inc	□	106	—	112	78½	4.2	101.1	-4.8
Venturi		21	—	23	12	–	25.5	17.6
Inc		43	—	43	36	10.0	–	–
Cap Indexed		245	—	245	187	–	–	–
Warrants & Value	□	31¾	—	32¾	25	–	30.6	-3.9
Welsh Ind		125	—	125	110	4.7	152.4	18.0
Whitbread Inv		671	-1½	674	542	3.1	769.5	12.8
Witan	♣□	211	-1½	218	181	3.3	241.2	12.5
Worth	□	23	—	23	18	0.5	25.1	10.3
Yeoman Inc	H□	117	—	117	101½	14.3	–	–
Cap	□	213	—	218	125	–	462.4	53.9
Zero Pf		199½	—	199¾	178	–	–	–

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MERCHANT BANKS

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings Bsc Cm 2nd Prf		113	—	113½	93	14.1	8.8	–
9¾pc Non-Cum Prf		134½	+½	135¼	112	63.8	9.1	–
Close Bros	□†	434	+1	434	250	191.4	2.7	19.3
Hambros	♣□	388	+15	389	243	843.3	4.8	17.0
7½pc Cv Pf		158½	+1½	164	111½	237.8	5.9	–
Joseph (L)	♣	410	—	413	313	21.5	5.1	–
Kleinwort Benson	†□	498xd	—	508	312	655.9	4.0	17.3
Rea Bros	♣†□	51	—	54	39	20.0	1.2	53.9
Schroders	♣†h	1303	-20	1336	457½	1,369	1.1	25.9
N/V	†h	1296	-10	1315	387½	382.8	1.1	25.7
Singer & Fried	♣□	81	-1	82	48	155.8	4.0	–
Warburg (SG)	♣N□	812	+4	815	529	1,793	2.9	20.5
8pc Cv Pf		283	—	286	185	128.4	2.7	–
Wintrust	♣	280xd	—	280	188	23.7	4.2	25.0

METALS & METAL FORMING

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW	N□	224	-2	238	81	149.9	3.3	–
Apollo Metals	†	104	—	120	84	17.7	4.1	19.0
Ash & Lacy	♣	155	—	170	143	40.5	5.2	15.9
Billam (J)		258	+1	312	129	4.18	2.4	13.0
Brit Steel	N□	113	+½	118	54	2,280	1.1	–
CL	□	23	—	28	17	18.9	5.4	22.1
Castings		208	+1	288	158	43.5	2.8	14.5
Chamber & Hill		160	—	160	113	11.7	4.9	10.0
Cohen (A)		368	—	400	295	6.72	2.8	ϕ
Cook (Wm)	□	229xd	—	238	130	50.2	2.7	13.9
Cooper (F)	♣†□	74	—	78	43	28.3	‡	–
Ferraris	†g	56	—	*68	32	5.47	2.2	13.1
Firth (GM)	□	9½	—	16½	8	3.20	–	–
GBE Intl	†	76	-1	89	63	41.2	3.6	–
Garton		97	—	98	79	3.60	5.2	–
Glynwed Intl	□	310	-2	318	245	638.6	4.8	28.8
Goodwin		38	—	38	28	2.74	2.2	10.7
Johnson & Firth	□	48½	+½	54	38½	63.9	8.2	14.0
Johnson Matthey	♣N□	473	—	537	425	895.9	2.7	20.7
Kobe Steel Y		207	+5	229	147	5,888	1.9	ϕ
Linread	♣	121	—	128	76	14.6	3.9	18.7
Manganese Bze	♣†	104	+1	106	71	17.1	1.2	–
Metsec	✱	85	—	86	70	13.1	–	–
Morris Ashby	✱	176	—	184	134	14.3	3.9	13.3
Radiant Metal		80	—	95	73	1.89	–	–
Richards Grp		69	—	69	58	6.78	8.0	–
Saville Gordon	□	62	—	63	39	52.0	5.5	ϕ
Simsmetal		175½	-2	178	87	125.3	2.6	26.5
Sycamore	□	4	—	*7	3¾	5.19	–	–
Thyssen DM		1713	+19	1765	1279	538.2	2.2	–
Tinsley (Eliza)	♣N	94	—	109	70	6.85	7.2	14.5
Triplex Lloyd	N□	173	—	*180	158½	111.8	5.1	20.8
Utd Industries	♣N	13½	—	24½	9	5.28	–	–

MISCELLANEOUS

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
AB Consulting	N	40	—	48	29	4.22	3.1	–
Abbeycrest		78	—	79	43	18.0	5.1	21.2
Airsprung	h	268	+1	268	240	63.8	2.1	17.0
Alumasc	†	570	—	570	415	83.8	2.4	17.4
Amberley	✱	38xd	—	45	18	2.28	3.3	–
Appl'd H'graph	♣□	70	+7	128	61	14.5	–	–
Ashley	♣†□	18½	+1	25	12	23.2	‡	–
8¼p Net Cv Pf		88xd	—	89	73	13.9	10.4	–
Aspen Comms	♣✱	135	—	212	116	17.5	4.6	12.1
Attwoods	□	122	+2	142	101	344.0	5.1	17.7
BAT Inds	†♣N□	448	-2	507	407	13,789	5.2	13.4
12¼pc Ln '03/08		£131	+⅛	£131⅝	£118¼	639.3	9.4	–
BLP	♣♦	65	—	65	28	3.65	–	–
Barlo		62½	—	68	42	118.5	1.1	16.4
Beckenham	♣□	9	—	10	6	7.84	–	–

MINES - Cont.

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Europa Mnls	N□	38	—	42	15	18.3	–
Glencar Expl IE	‡‡	12	—	12	6	2.22	–
Greenwich Res	♣□	14¾	—	22¼	5	11.5	–
Hanlo Gold CS		58¾	-¼	58⅛	23½	663.2	1.4
Ivernia West IE	‡‡□	42	—	57	31	21.1	–
Kella Mnls IE	‡‡	13	—	13	6	0.31	–
Kenmare	♣□	9¼	—	13½	6	9.26	–
Malinga Res		9	+½	25½	7½	0.88	–
Navan Res IE	♣	98	+3½	102	25	16.7	–
5pc Ln Notes		94¾	—	95¼	25	17.0	–
Oryx Gold		76⅛	—	78⅛	47	–	–
‡‡Ovoca Res IE		8	—	8	3½	0.56	–
RTZ	♣N□	732	-9	748	607	7,781	3.6

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

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PULP, PAPER & PAPERBOARD

FINANCIAL TIMES
Weekend September 4/September 5 1993

SKF World Leader in rolling bearings

Company says 10% cut 'served its purpose'

Thomas Cook to end holiday discounts war

By Michael Skapinker, Leisure Industries Correspondent

THOMAS COOK, the travel agents chain that last month threatened a price war, is today to declare a truce by ending its 10 per cent discount on all holidays.

Thomas Cook said yesterday that although it would still offer some discounts, the 10 per cent cut on all holidays had served its purpose. The chain said its bookings for summer 1994 were 700 per cent up on last year, although it would not provide any figures.

Thomas Cook's 10 per cent discounts were followed by similar offers from rival chains Lunn Poly and Pickfords Travel. Lunn Poly said yesterday that its 10 per cent offer was due to continue for another week, after which it would be reviewed.

Mr Hugh Collinson, managing director of Airtours, which owns Pickfords, would not say whether the chain would continue to offer 10 per cent cuts, but added: "We were not the ones who started this."

The travel agents' cuts have been accompanied by keen price competition among tour operators, who have also tempted holidaymakers with offers of free places for children.

Thomson, the largest tour operator, said it had already sold 400,000 holidays for summer 1994. Last year, the company took until Christmas to sell the same number of holidays.

Thomson attributes this year's strong start only partly to lower prices, with holidays in Spain costing 10 per cent less than last year. Other factors, it said, were rising consumer confidence and the UK's poor summer, which had prompted many to book next year's holidays early.

Mr Collinson, however, said he regarded the price flurries of the past month as a phoney war. He said that early bookers tended to be those with children. Couples tended to book during the Christmas and new year period.

Although another price-cutting campaign is possible later in the year, most of the large operators believe the rush of early bookings so far will enable them to maintain prices until next summer. The large operators say they have become more skilled at matching holiday capacity with demand.

The absence of a late price war for summer 1993 holidays has meant fewer and smaller discounts for the large numbers of late bookers.

The purchase of travel agents' chains by the leading operators over the years has given the largest companies greater control of the market, allowing them to exclude smaller rivals. Thomson has owned Lunn Poly for two decades, Airtours recently acquired Pickfords and Hogg Robinson, and Thomas Cook has financial links with Owners Abroad. Small operators have complained that their brochures are increasingly excluded from retail chains' shelves.

Swiss army mountain bike

Continued from Page 1

the Swiss defence ministry.

This new version bears little resemblance to its forebear.

Even the frame has been enlarged by two centimetres to 56cm in recognition of the growth of the average Swiss soldier over the past 90 years.

"The saddle is the only thing that has not changed," Mr William Affolter, Condor's chief executive, says. It is still a sprung type, using pure Swiss cowhide. Trials showed that sprung saddles are the most comfortable for long, rugged journeys. They also absorb perspiration better than modern models.

Everything in the bike is designed to endure heavy loads and severe weather conditions. The wheels have a ceramic coating on the rim to make braking effective in all conditions.

The freewheel and chain are chrome coated and the derailleur - "the most delicate component on the bike" - is protected by a heavy steel guard. The front gear wheel has 42 teeth, the rear ones 14, 16, 18, 21, 24, 28 and 32.

Although the bike is not light, it is 2kg lighter than the old one. Field tests showed a soldier could gain about three hours on a 200km course using the new bike.

Condor has a SFr17m contract to produce 5,500 new bikes for the Swiss army, but it believes there is also a civilian market.

Mr Affolter says it might be useful for professionals, such as photographers or postmen, who have to carry heavy loads and need a durable bike.

Murdoch in sale talks

Continued from Page 1

investments. It was already one of the world's most profitable newspapers, but earnings have soared since the purchase and Mr Murdoch has received around HK$1.3bn in dividend income. He raised a further HK$2.3bn from the company's flotation in 1990.

In recent months, Mr Murdoch has voiced his aim to expand into media in the world's largest consumer market, China.

The latest announcement therefore came as a surprise. However, it may enable him to improve his links with the mainland by cementing a business relationship with Mr Kuok, who is a substantial investor in the mainland and impeccably connected in Beijing.

SCMP shares were suspended on Friday, but will resume trading on Monday. The company advised investors to "exercise extreme caution when dealing in [SCMP] shares".

Porter vows to fight loss of LBC radio licences

Continued from Page 1

former managing director of the BBC World Service, and bringing together many former LBC staff, is backed by Guinness Mahon, the merchant bank, and Hachette, the French international media group.

Dame Shirley, former leader of the Tory-controlled Westminster Council, yesterday demanded an explanation from Lord Chalfont, Radio Authority chairman, and launched a campaign to save the station under the slogan "You Can't Gag The Voice of London".

A petition is being taken up and listeners are being invited on air to support the campaign.

LBC which runs two radio services for the UK capital - Newstalk and Talkback Radio - said thousands of callers ringing in to express their anger at the decision had jammed the switchboard.

The authority appears unlikely to reverse its decision unless LBC could demonstrate to the High Court that it had operated improperly.

Almost all of Thursday's Radio Authority meeting was taken up with LBC. The key issue was programme quality and the judgment that LNR might offer something better and more clearly differentiated.

The recent financial crisis at LBC's parent, Crown Communications, was not seen as an issue following the injection of new money by Dame Shirely and her family interests.

LNR will take over from LBC in October 1994 for an eight year period with Mr Peter Thornton, a former LBC editor, as editor in chief.

Losers will have another chance next year when Capital Radio's two licences come up for renewal and two further FM frequencies for London may be offered.

Professor unveils the age of designer materials

By Nuala Moran

A NEW AGE of designer materials is about to dawn. The materials behave in startling ways - one form gets thicker as it stretches; another changes to a particular shape at a given temperature.

Professor Colin Humphreys, of the Department of Materials Science at Cambridge University, unveiled the "Age of New Materials" at the British Association meeting in Keele yesterday.

He said purpose-designed materials with special properties would dominate the manufacturing industry and health care in the next century.

The plastic which thickens when pulled was developed by Mr Ken Evans, a member of the engineering department at Liverpool University. It has the same chemical composition as Teflon, better known as the non-stick coating on frying pans.

Uses for the material could range from bullet proof vests that expand to deflect incoming bullets to waterproof sealant using plastic that could be pulled into shape and expand to create a leak-free joint.

Prof Humphreys said ICI, the UK chemicals company, has expressed an interest in the material. "Shape memory" metals which change form at different temperatures could be applied as replacement tooth roots to expand firmly into the jaw when they react to body temperature.

More prosaic applications could include windows for greenhouses that open and close when the temperature rises or falls.

Other new materials have a range of medical applications. Artificial bone, developed by Professor Bill Bonfield, of Queen Mary and Westfield College in London, is now being tested in clinical trials to replace the cheek bones of accident victims.

If successful, artificial bone could also replace metals in hip replacements, avoiding the annual spending of up to £30m for the thousands of replacement operations carried out in the UK each year. Implants fail when the patient's bone shrinks away from the harder metal of the replacement and the joint becomes loose.

A new plastic has been designed to create artificial arteries. It is kink-resistant, micro-porous like a real artery and compatible with the human body. "A fundamental reversal in the relationship between human beings and materials is taking place," according to Prof Humphreys.

"Historically humans have adapted natural materials, for example extracting iron from iron ore," he said. "Now it is possible to start with a need and then develop a material to meet it."

THE LEX COLUMN

Halifax gets the habit

By severing its tie with Standard Life and stepping into the ring as a life insurer, Halifax is treading a well-worn path. The links between life companies and building societies are eroding steadily. With the outlook for the housing market dull and deposit rates low, building societies have a clear incentive to capture long-term savings for themselves. Since banks are thinking the same, though, the market is starting to look crowded.

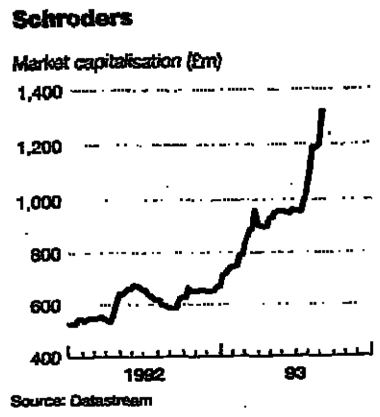
That points to a squeeze, although which of the life insurers will suffer most remains unclear. Halifax Life will inherit 12m potential customers and a strong brand image from its parent. Natwest's new life operation has made a strong start this year for similar reasons. But while Natwest has farmed out investment management to an experienced manager, Halifax remains coy about its plans in this regard. Unless it can show a decent investment record, the benefits of low-cost distribution through its branch network will not work to the advantage of customers.

If the investment side can be cracked, Halifax and other high street purveyors of life assurance have a strong hand. Full disclosure of commissions and administrative expenses demanded by government may strengthen it further. While Standard Life will sorely miss the business sold through Halifax, it is well entrenched among independent financial advisers. It is also large enough to develop a brand image of its own. Smaller mutuals look more vulnerable. Among recent converts to bancassurance, only Abbey National has thought it worth buying a mutual as a way into the market.

US economy

Yesterday's news on US employment will have done little to encourage those looking for a sharp second-half rebound in the economy. The hope had been that as consumers had run down savings towards the end of 1992, the weaker growth earlier this year would prove merely a pause for breath. Domestic demand has been reasonably robust, and the disappointing overall growth figures are due in part to weaker economies elsewhere, which have resulted in higher US imports and weak exports. Yet since the US economy is on a slower upward trend than in previous recoveries, temporary setbacks can make it look wrongly as though the upturn is stalling altogther.

FT-SE Index: 3057.3 (-15.3)



Source: Datastream

If the Federal Reserve thus has little reason to raise interest rates, the recovery is not yet faltering badly enough to provoke a further easing. With monetary policy stable, equities are in a benign area. Earnings gains may be low but that is preferable to higher growth with resurgent inflation and the risk of Fed tightening. Rallying bond markets and the flow of funds from the money markets may also drive the market higher despite the historically stretched valuations.

Whether such fortunate circumstances will persist is another question. High equity prices increase the risk of a sharp correction if growth stalls or inflation resurfaces. In that context, the upward revision of growth figures through the recession is interesting. It implies that the US output gap is not as wide as thought, and capacity constraints may emerge. Other markets have more room to expand, and more flexibility to ease monetary policy.

News Corporation

Mr Rupert Murdoch's decision to shed his interest in the South China Morning Post looks pragmatic rather than part of a grand design. With the Post's shares trading at a record high and the handover of Hong Kong to China looming, the opportunity to take a handsome profit was too good to miss. The prospect of running a daily newspaper after 1997 is evidently not to the free-wheeling media mogul's liking. That will do nothing for frayed nerves elsewhere in the colony.

True, cutting links with the Post might also get round political objections to his involvement in TVB, the Hong Kong television company in which News Corporation tried to buy a stake in June. But with control of satellite broadcaster Star TV secured in the meantime, terrestrial television seems of lesser importance. Although feeding TVB's library of Chinese language programmes through Star TV makes perfect sense, that might easily be achieved without an equity stake.

With so many deals struck in such a short space of time, Mr Murdoch is making up for time lost in the straight-jacket imposed by the banks. If he can resist the unnecessary deal along the way, so much the better.

Schroders

There is a curious contrast between Schroders and HSBC, the company which it advised in its successful bid for Midland Bank last year. HSBC's interim statement on Tuesday ran to 36 pages; Schroders yesterday delivered three sentences. No public company should treat its shareholders with such contempt that it refuses a figure for pre-tax profits at the half-way stage. The omission is worse when that company is worth £1.3bn and on the verge of joining the FT-SE 100. Schroders' lame excuse is that it plans to change all this next year when EC rules will anyway oblige it to reveal its hidden reserves. By then, it promises to deliver profit figures with some sectoral break-down even at the interim stage. But while Footsie membership would bring no formal additional reporting requirements and the stock exchange is apparently happy with its long tradition of secretiveness, there is no reason why the bank could not already disclose figures which it has readily to hand.

The truth is that Schroders is being dragged kicking and screaming into the modern world of shareholder communications. A position on the lower rungs of the Footsie is a dubious privilege for a company in a cyclical business like investment banking. Institutions will add to their holdings when the company enters the index, only to cut them again if markets turn and the company drops out. The implication is a volatile share price, made worse in Schroders' case by the large proportion of the company in firm family hands. But having grown so large, Schroders may simply have to accept membership of the club, and the glare of publicity which that entails. It should not be so bashful when it has little except its strength to hide.

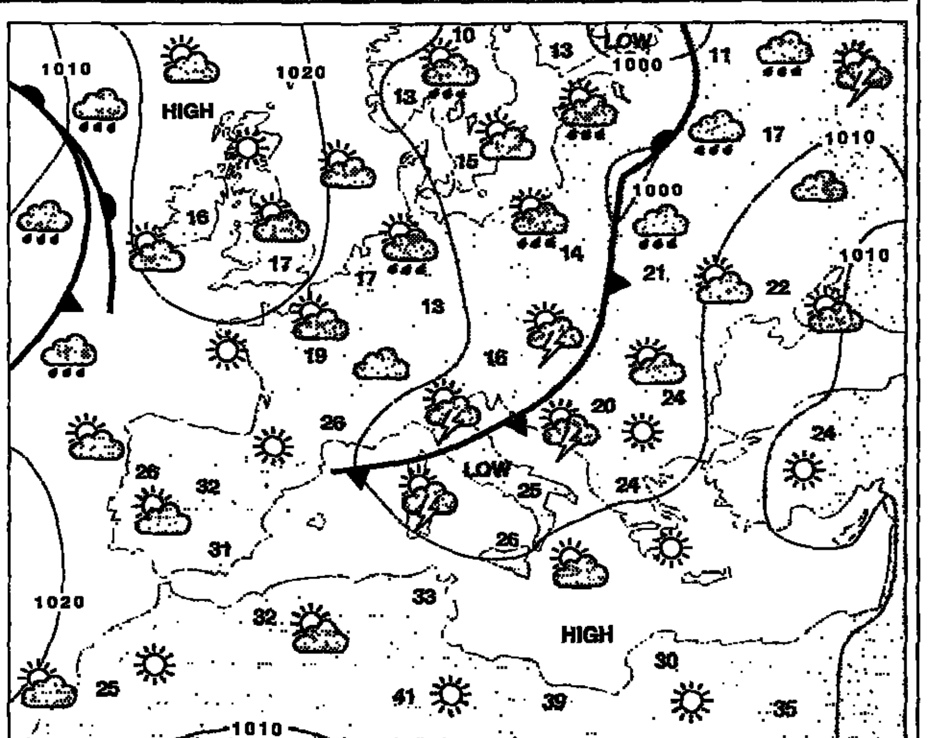
FT WORLD WEATHER

Europe today

There will a small ridge of high pressure over the UK with sunny intervals.
Along the eastern side of the high pressure ridge, a strong northerly current will bring clouds, local showers and unseasonably cool temperatures to the north-western part of the Continent.
The cool air will spread as far south as central Italy and the northern Balkans. Thundery showers will develop in a wide zone along the boundary between the cool air in the north and the warm air in the south.
It will be cloudy with outbreaks of rain in Eastern Europe. Scandinavia will be mainly cloudy with patchy rain especially over central Norway and Sweden. However, it will be sunny and warm in south-western Europe.

Five-day forecast

High pressure will develop over the Continent, while a depression will dominate the UK from Monday. The depression will cause clouds and rain over the UK and the possibility of thundery showers over western and southern Europe. Northern and central Europe will be cloudy and cool with outbreaks rain, especially in the east. By Tuesday, temperatures will begin to rise to more seasonable values and skies will brighten.



TODAY'S TEMPERATURES

Forecasts by Meteo Consult of the Netherlands

		Maximum Celsius
Abu Dhabi	sun	41
Accra	fair	30
Algiers	sun	33
Amsterdam	shower	16
Athens	sun	28
B. Aires	shower	20
B.ham	fair	17
Bangkok	rain	33
Barcelona	sun	27
Beijing	fair	29
Belfast	fair	16
Belgrade	thund	18
Berlin	rain	13
Bermuda	fair	31
Bogota	cloudy	19
Bombay	rain	28
Brussels	shower	17
Budapest	thund	17
C.hagen	fair	17
Cairo	sun	34
Cape Town	fair	17
Caracas	shower	28
Cardiff	fair	17
Chicago	shower	24
Cologne	cloudy	16
D' Salaam	shower	30
Dakar	fair	29
Dallas	sun	33
Delhi	rain	30
Dubai	sun	40
Dublin	fair	16
Dubrovnik	shower	22
Edinburgh	fair	16
Faro	sun	26
Frankfurt	cloudy	16
Geneva	fair	16
Gibraltar	sun	29
Glasgow	fair	16
Hamburg	shower	15
Helsinki	cloudy	11
Hong Kong	fair	31
Honolulu	fair	31
Istanbul	sun	24
Jersey	cloudy	18
Karachi	fair	32
Kuwait	sun	46
L. Angeles	fair	25
Las Palmas	sun	27
Lima	cloudy	21
Lisbon	sun	25
London	fair	17
Lux.bourg	cloudy	15
Lyon	fair	18
Madeira	fair	25
Madrid	sun	32
Majorca	sun	30
Malta	sun	30
Manchester	fair	17
Manila	cloudy	32
Melbourne	fair	19
Mexico City	fair	21
Miami	fair	31
Milan	shower	24
Montreal	fair	22
Moscow	rain	17
Munich	shower	13
Nairobi	fair	23
Naples	thund	25
Nassau	fair	31
New York	shower	28
Nice	sun	25
Nicosia	sun	31
Oslo	fair	16
Paris	cloudy	19
Perth	fair	19
Prague	rain	12
Rangoon	rain	30
Reykjavik	cloudy	13
Rio	shower	20
Riyadh	sun	42
Rome	shower	26
S. Frsco	fair	24
Seoul	fair	28
Singapore	shower	30
Stockholm	rain	14
Strasbourg	cloudy	17
Sydney	fair	19
Tangier	sun	25
Tel Aviv	sun	30
Tokyo	rain	24
Toronto	fair	23
Tunis	sun	33
Vancouver	sun	22
Venice	thund	22
Vienna	shower	17
Warsaw	rain	15
Washington	shower	30
Wellington	rain	8
Winnipeg	shower	15
Zurich	fair	15

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Weekend FT

SECTION II

Weekend September 4/September 5 1993

The censors who are fighting a losing battle

Sex has paled into relative insignificance besides violence in the public view. Either way, the tide could be unstoppable, says ***Nigel Andrews***

WHATEVER else 1993 has been, in the cinema it has been the Year of Violence. It began with shock horror: *Reservoir Dogs* and *Man Bites Dog* leading a pack of films that startled audiences with new levels of brutality. It moved on to news reports of video game atrocities and sadistic computer pornography. It took in a telethon on the future of censorship. And now the British censor's annual report lies before us – large, exhaustive, and all but bleeding into the carpet.

Do we live in a new media climate? Or is it just the old one, dressed up anew? Thirty years ago, we had the Lady Chatterley trial; 10 years ago, the video nasties. Today it is the violence of the real (helped by a horror year of newspaper stories) side by side with porn from outer space.

Ever since the first fig tree was raided to cover our sense of shame, humans have rushed to protect themselves from real or imaginary moral evils. In 1912, British cinema planted its own fig tree and named it the British Board of Film Classification. Today that board no longer watches over movies alone. It sits in the heart of London – Soho Square, the un-sunny side – monitoring videos and video games and designing new fig leaves for things once unimaginable: from down-the-telephone-to-your-computer erotica to satellite delivery movies of sex or sensation.

Even sex, though, long the great *bête noire* of British fuddy-duddyism, has paled this year before the blood and thunder debate. In a recent survey, the British viewing public put sex (along with nudity and blasphemy) way below violence (along with drug use and bad language) as a cause for concern. And the Red Hot Dutch satellite porn furore now seems like a side-show in that carnival of carnage many perceive as being 1993.

James Ferman is Britain's censor, and I sought him out after reading his new report. Forty pages of measured prose in the face of the immeasurable, it resembles King Canute's Report on British Tidal Erosion. But is there really more screen violence than before? Is it bad for us? If so, can it – should it – be stopped?

To the first question, Ferman says yes and no. He dismisses the handful of movies that gave us that blood-dimmed New Year: quasi-underground oddities, he says, including an Australian low-budgeter (*Romper Stomper*) and a student film from Belgium (*Man Bites Dog*). He is more concerned about rising tides of violence in two other kinds of film: those that everyone watches, mainstream Hollywood fare like *Cliffhanger* (brutal kicking scene scissored to secure a "15" certificate) or *Jurassic Park* (passed for parental guidance after much thought); and those that young offenders most seem to watch: movies where violence is ritualised.

"Kids who are violent are violent because they want power and control, if only for that moment in which they commit their crimes, and kung fu and martial arts film are ideal for copy-catting, for teaching a repertoire of violence," says Ferman. He tells of a convicted murderer he met at this year's televised forum on censorship who said he had seen *Enter The Dragon* 28 times.

"He'd made all the weapons, all the flails, and he and his gang went out and practised everything Bruce Lee did." Not surprisingly, Ferman and the BBFC have set up a Home Office-sanctioned enquiry, the first such in 25 years, into the viewing habits of young offenders.

Ferman agrees there is still no decisive proof that films *cause* violence: "Social science is an inexact discipline and human behaviour is too multi-factorial. It's nature, nurture; it's what happened to us this morning; it's how much we've had to drink."

He claims, however, that there is evidence that films and television shape violence. Example: the rash of incidents in which young victims were taken to hospital with damaged eardrums after children had copied the seemingly harmless "double ear-clap" shown on a television soft drink commercial (later withdrawn). Ferman himself insisted that such an ear-clap be cut when it appeared in a mainstream Hollywood film seeking a "15" certificate, Kevin Costner's *The Bodyguard*.

Decisions like that may seem the simple ones for a censor. You do not hand a lighted match to a pyromaniac; ergo, you do not wave lessons in heedless violence at young children. But do all of us need to be protected? Isn't the clamour about children's vulnerability – deafening since the video nasties furore of the early 1980s – sometimes used merely to shore up the censorship system for everyone?

Britain itself is more censorship-prone than almost any other western democracy. The BBFC's own report admits that the board is "one of the few classification bodies anywhere in the world that continues to cut violent material for adult audiences." Ferman is ready to defend this case by case.

To the objection that Japan is soft on screen violence, yet has a violent crime rate roughly one-tenth of Britain's: "Japan has a totally different means of control. They use shame, not criminal law. In Japan, people don't break the rules because it lets the side down." And *shame*, he argues, is a *factor* in the low rate of reported sex crime in France, renowned for its *laissez faire* attitude to screen sex and violence. "French women don't report rape because rape is a shameful thing. Women in France are supposed to be able to cope with sex and be mature in handling it."

The US, by contrast, could be seen as God's gift to the censorship lobbyists: they need only point at America's crime figures (astronomical) and, in the same gesture, at America's appetite for screen violence (ditto). Early this year, US film critic Michael Medved rode through London publicising his book, *Hollywood vs America*, in which film and TV are blamed for their influence on everything from drugs to delinquency, blasphemy to bad parenting.

To enter this argument is to step into the jungle of words like "deprave" and "corrupt" and "desensitise." On Medved's side, Ferman tells of a Chicago professor he met at a conference shortly after the murder in Liverpool earlier this year of three-year-old Jamie Bulger. When Ferman told him of the headline-hogging furore there had been in Britain, the American said: "You people should hold on to that reaction. It means you care. Here, there are children killed every day and it never makes the newspapers."

Urban America, we know, is a violent, de-sensitised place. But is it so because of too many Arnold Schwarzenegger films? And how much less violent was the US, rural or urban, in the pre-movie days of Wyatt Earp and Billy the Kid and the Indian wars?

Some US commentators believe that graphic screen violence, far from numbing or brutalising, can actually sensitise: that it sensitised the entire American nation, for example, to the Vietnam war and brought it to an end. Film-maker Wes Craven, creator of the gory *Nightmare On Elm Street* series, claims that screen violence can be a way of understanding real violence and of working it through psychologically.

"We're living in a world that's becoming increasingly visual and revelationary," he says. "From the 1960s on, through the media, I was witness to increasing amounts of explicit violence. In Vietnam, we were brought pictures of things that had happened just 10 hours before: pictures from My Lai, pictures from a napalmed village. Later, there were pictures from the car bomb in Beirut, pictures of Bobby Kennedy lying on the Ambassador Hotel floor, blood streaming from his head. We were deluged with violent reality.

"The audience for horror films and films of violence is often young and filled with all sorts of questions about what it's going to be like to be adult, to be accountable in this mad world they're exposed to. They have a need and a right to have that violence processed in a way that is formed and entertaining and, to the extent that it's fiction, is 'safe'."

But what of the potential criminal or psychotic for whom movies are not a cure but a catalyst? "There are people out there who will respond to anything. They might react to a horror film or they might

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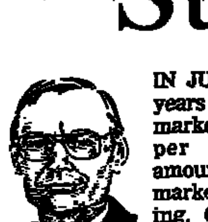
Long View/**Barry Riley**

Strength of the bull



IN JUST short of three years the London stock market has risen by 60 per cent, which amounts to a major bull market by any reckoning. One leg reflected the lifting of the Gulf War threat, the next was triggered by the UK's ERM exit. In between came a sharp setback, afterwards a period of stagnation.

Now the market has entered its third and most dangerous leg as it seeks to adjust to lower interest rates and the tantalising prospect of economic recovery. The economic news is indeed promising, but share prices are no longer fundamentally cheap as they were three years ago, when the yield on the All-Share Index touched 5.85 per cent and the price-earnings ratio on industrials was 9.7. They are relatively expensive, on a yield of 3.6 per cent and a p/e of over 20 (possibly 17½ on prospective 1993 earnings). They might, nevertheless, become still more expensive in the coming months.

These normal fundamentals, however, do not count for a great deal at present. True, company profits are recovering, and the half-year results season now getting under way will give a hard indication of whether the expectations of earnings growth of 15 per cent or so are realistic (so far the picture has been rather patchy). But dividends remain in the doldrums, having tumbled by 5¼ per cent over the past twelve months in aggregate and, historically, the descent of the yield below 4 per cent has represented a reliable sell signal, at least on a one-year view.

The reason why these numbers do not matter much, at least for the time being, is that the stock market has been riding piggy-back on an even bigger bull market in bonds. The total return on the All-Share Index after eight months of the year has been some 15 per cent, but long gilts have done much better, returning upwards of 20 per cent in combined capital gains and income as the yield has tumbled by 1½ percentage points to about 7¼ per cent.

This bonds bonanza is a global phenomenon, led by the US Treasury long bond on which the yield has fallen from 7.3 to 6.1 per cent since January 1. Strangely, US equities have benefited comparatively little from this adjustment. Although the Dow Jones Average of market leaders has climbed by 10 per cent this year, on a broader basis (as measured, for instance, by the US index in the FT-Actuaries World Index series) Wall Street share prices have risen only by about 5 per cent. Instead of pushing up their domestic stocks US investors have been seeking cheaper opportunities overseas, buying $8.4bn worth of foreign equities in the first quarter, for instance. Such statistics take a long time to emerge but the flood of dollars into European equities has certainly persisted in recent months, serving to drive UK share valuations close to those on Wall Street and generating a freak surge in share prices in declining continental economies.

When international money sloshes about like this the dangers of valuation errors can become acute. On the one hand, there is a tremendous opportunity for companies to raise new equity capital even though their circumstances may be inauspicious, as we saw with Rolls-Royce this week. On the other, the prospects for attractive future returns to shareholders are correspondingly poor.

Although valuation measures such as dividend yields and price-earnings ratios are looking stretched in the London market, investors have been able to draw comfort from the ratio of long gilt to equity yields, which at about 2.0 remains comfortably close to the middle of the normal range for the past 20 years.

Falling gilt yields have neatly offset the drop in dividends and the effect of higher share prices. The alarm bells of 1987, when pre-crash the ratio briefly topped 3, are not ringing in the same way.

But the yield ratio is an unreliable indicator at times of economic upheaval because it depends upon particular circumstances of inflation, economic growth and payout ratios. It is at quite different levels in other countries: in Germany it has been more like 3 and in Japan usually between 5 and 10. It has also been very different in the UK in past time periods.

In the 1930s, for instance, the yield ratio was typically about 0.7, because in non-inflationary conditions, when growth expectations were low, risky equities were required to yield more than safe gilts. During the early to mid 1960s, when there was more optimism about growth, but complacency about inflation, the ratio was about 1.2.

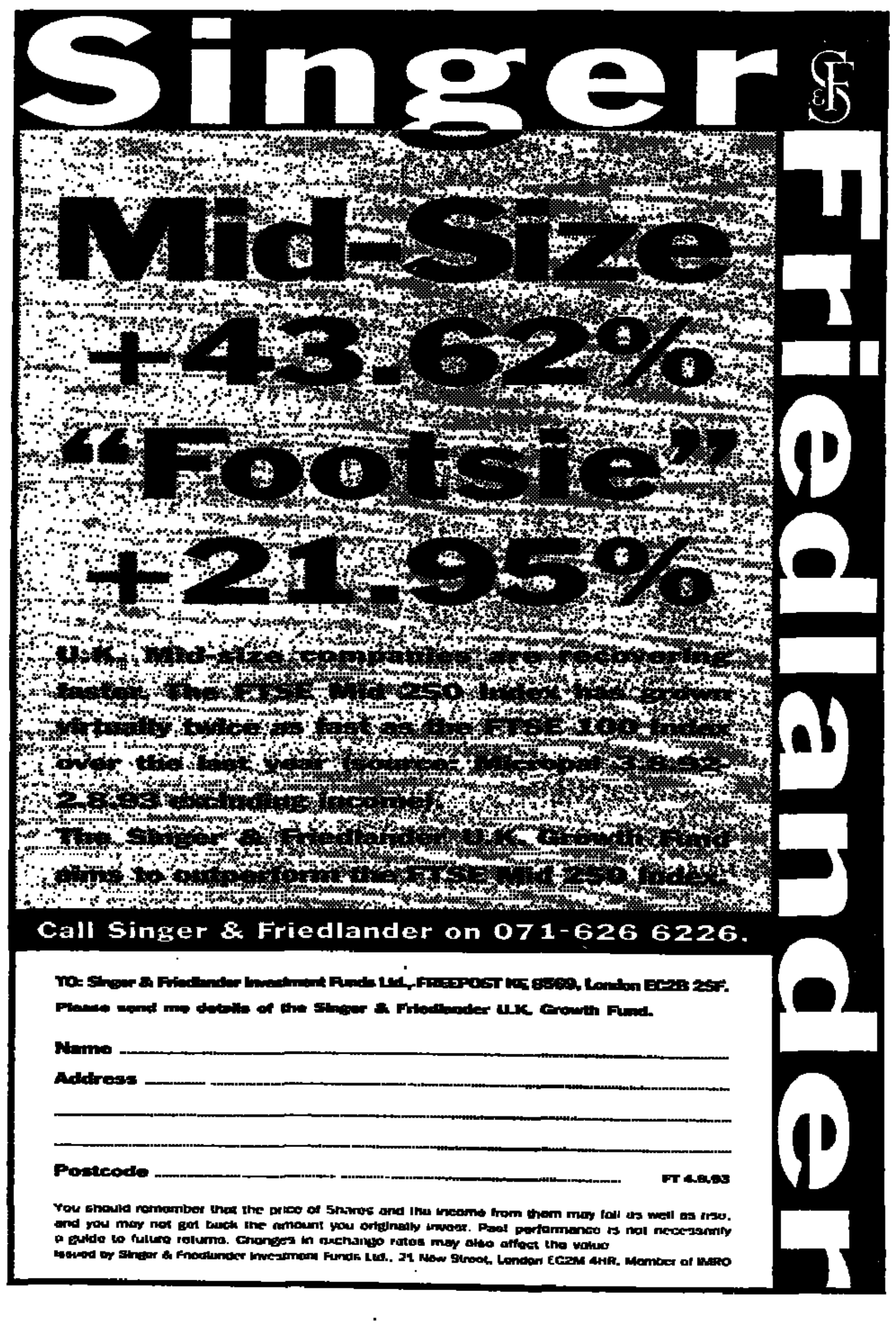
Then, in the late 1960s, the gilt yield rose above 7½ per cent and the yield ratio climbed to just over 2. That was the period of the "cult of the equity" which led to an overvaluation of equities lasting several years, in due course corrected by the disastrous mid-1970s bear market.

Now, a quarter of a century later, the gilt yield has fallen back *below* 7½ per cent but the yield ratio shows no sign of retreating to 1.2. Once again it seems that the capital market is finding it hard to handle a major shift in inflationary expectations: global bond investors are seeing it differently from global equity investors, and one group or the other will surely be eventually be forced into a sharp adjustment.

Debt deflation would normally be expected to be associated with subdued economic activity and with downwards pressure on prices (and profits). Recent capital market trends appear, however, to assume an improbably benign combination of low inflation and reasonably rapid economic growth. But I do not want to be too gloomy.

The positive way of looking at all this is to say that conditions are now favouring an unsustainably high valuation of equities, which could be further exaggerated when European short-term interest rates follow long rates down.

Investors should enjoy the party while it lasts. But finance directors may enjoy it even more.



London

When August ended, so did the market's summer holiday

By Peter Martin, Financial Editor

In the first three days of September, the stock market gave up a good proportion of the gains it had made in recent weeks. On Tuesday, the last day of the month, the FT-SE 100 index reached a new intra-day peak of 3115.1. Then the retreat set in: the index closed that afternoon at 3100.0 and had dropped by Friday to 3057.3.

It was as if investors had become aware that the market's performance in the past month had led them perilously close to complacency.

There was a lot to be complacent about. During August, the total return – capital appreciation plus dividends – on the FT-SE 100 was 6½ per cent. In one month, investors had earned half as much again in equities as their money would have earned in a year in an ordinary building society account.

That comparison was one of the self-reinforcing factors behind the market's rise. Individual investors started to realise, says Paul Walton of James Capel, that the years of high interest rates are over, making equities much more attractive. This explained the £1bn a month inflow into unit trusts.

Such investors were not the only people to whom UK equities have looked attractive. Traders continue to report strong buying interest from abroad, particularly from the US. Indeed, the day-by-day fluctuations of demand from US investors had a marked influence this week.

On Wednesday, for example, weak transatlantic demand was one of the factors pushing share prices down. On Thursday, US purchases of shares in the big UK pharmaceutical companies, based on growing optimism that drug price controls would not be part of Hillary Clinton's health-care package, helped slow the market's slide.

Another important factor at work has been the summer's striking fall in long-term interest rates. The yield on ten year gilts dropped again this week, ending Friday at 6.81 per cent, down a fraction on last week and just over half a point lower than at the end of July.

Even very long-term gilts are down to exceptionally low yields: they are now just over 7 per cent, a level not seen since the Summer of Love in 1967. If the real interest rate is 3 per cent or so (the level indicated by the index-linked gilt market), investors are expecting long-run inflation of about 4 per cent.

Is that a realistic expectation? The government would say it is too pessimistic: 4 per cent is the upper end of its short-term target band for inflation, and the medium-term ceiling is 2 per cent. Once the markets come to terms with the 2 per cent figure, there is scope, on this argument, for a further 2 percentage-point fall in long-term interest rates.

If gilts continue to yield twice as much income as ordinary shares, that implies a one percentage point fall in the dividend yield on equities. Since shares are currently yielding 3¼ per cent, such a move would require a further 25 per cent rise in the equity market, giving scope for the FT-SE 100 to come close to 3,900.

Not surprisingly, not even the optimists among equity strategists are mentioning such a number. After all, even 4 per cent inflation has rarely been achieved since the 1960s; and few people still active in the City can remember a sustained period when prices rose by 2 per cent price a year or less.

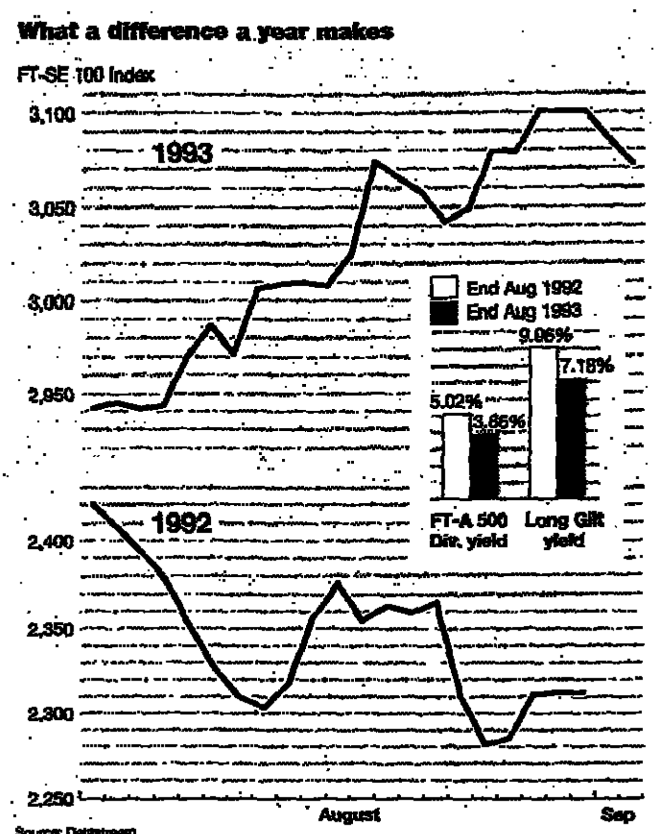
Still, the working of this arithmetic explains why, despite this week's setbacks, most analysts remain confident. The counter-argument, of course, is that measured in terms of earnings the stock market looks expensive. Only a handful of All-Share sectors have price/earnings ratios below 20. For smaller companies, which have been the most spectacular beneficiaries of the past year's rally, the ratio is well over 30.

Not surprisingly, these stretched earnings valuations make the market jumpy whenever it looks as though profits are not making the recovery necessary to justify such numbers. As Maggie Urry explains below, just such a frisson occurred on Wednesday, the day of a profits warning from Tate & Lyle, a loss at Simon Engineering, and lower profits at Courtaulds Textiles. Those analysts who believe the market ran ahead of itself this summer – like S.G. Warburg's George Hodgson – are afraid that more bad news from companies reporting interim results this autumn will push share prices down further.

Particularly vulnerable, say the Warburg analysts, are sectors such as the banks, insurers, and cyclical industrial companies where underlying economic trends do not appear to justify the expectations of profits recovery currently priced into their shares.

Such unpleasantnesses aside, the next few months are likely to be dominated by the party conferences and the Budget, events which until this year have been kept apart by the *cordon sanitaire* of the Christmas holidays.

Now that they come in disconcertingly close proximity, investors are likely to worry about the government's ability to contain its internal disputes; and about the way those rows will affect the difficult decisions that must be made about curbing public-sector borrowing. Kenneth Clarke is, after all, the most political chancellor of the exchequer in recent memory.



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3057.3	-43.3	3100.6	2737.6	Company results/rights issues
FT-SE Mid 250 Index	3478.9	-34.4	3513.3	2876.3	Profit-taking
BPB Inds	240	-10	255	180	Chief executive resigns
Cable & Wireless	865	+20	865	669	Hoare Govett "buy" recommendation
Chrysalis	108½	+31½	•124	61	Japanese group buys into new label
GEC	344	-15	363	264	Kleinwort Benson "take profits"
Guinness	478	-37	521	437	Fears of US drinks levy
Kingfisher	654	-24	691	496	DIY competition intensifies
Ladbroke	209½	+5½	222½	154	Results/new chairman
Rolls-Royce	148½	-11½	164	99	Rights issue/disappointing figs
Simon Eng	62	-11	142	32	Poor figures
Slough Estates	227	-13	243	139½	NatWest "sell"
Sun Alliance	364	-26	399	307	Net asset value disappoints
Vodafone	514	-65	585	367	Cellnet tariff cuts/competition
Zeneca	756	+42	765	593	US health reform speculation

Serious Money

Bottom fishers: avoid the dregs

By Philip Coggan, Personal Finance Editor

A LONG-standing investment theory is that it is far better to buy the worst performing fund in a sector than the best performer.

A swift look at the UK Equity Growth sector seems to bear out the hypothesis. At the start of September 1992, Guinness Flight Recovery was bottom of the 146 funds in the sector, having lost its investors an impressive 41.2 per cent over the previous year. Over the year to September 1993, the same fund was top of the sector, with a gain (offer-to-bid, with net income reinvested) of 83.26 per cent.

Looking further down the tables, we find that Exeter Capital Growth is third, having been 140th over the year to September 1992. And Brown Shipley Recovery is 4th in the sector, a heady rebound from its previous position of 139th.

Conversely, if you take the funds that were in the top 10 in September 1992, you find that two of them were among the worst 10 performers over the following year.

But before you all race off to buy the worst performing fund in the sector at the moment, (PC CAM British Growth) a note of caution. Doing the same exercise over the 1991-92 period produced different results. Of the bottom 10 funds in September 1991, six were in the fourth quartile (lowest 25 per cent) of funds over the following year. One of those was Brown Shipley Recovery, 147th in 1990-91, 139th in 1991-92.

A more fundamental factor has caused the tables to reverse themselves over the past year – Black Wednesday. Sterling's departure from the Exchange Rate Mechanism, and the subsequent falls in interest rates, have boosted those cyclical stocks which tend to be held by recovery funds. The top 10 funds in the UK equity growth sector over the past year include six with "recovery" and three with "special situations" in the title.

In contrast, the year that followed September 1991, was similar to the year that preceded it. Economic growth was still sluggish, interest rates were still relatively high. Recovery stocks were stuck in the mire.

There are some good reasons why badly performing funds will eventually rebound. One is that the fund management company will take action to revive the fund, perhaps by appointing a new manager; an example might be Guinness Flight Recovery, where Michael Beggs took charge in the summer of 1992.

A second, is that luck plays a fair part in fund management. It is not unusual for someone tossing a coin to record three heads in a row; but if they toss a sufficient number of coins, the result will eventually tend towards an equal number of heads and tails. Similarly, fund managers may "regress towards the mean".

But the trick in "bottom-fishing" is not a purely mechanical one. For year after year in the 1980s, the worst performing funds were in the gold sector; anyone who picked one in the hope of recovery was disappointed. Only in 1992-93 has a revival occurred with gold funds topping the one year tables. All this has proved, however, is the volatility of gold investment; Mercury Gold & General is the best performing unit trust over one year and the worst over one month.

Investors should also be aware that there are reasons why poor performance might continue for a long time. One is that a fund manager might simply be incompetent; another is that it is becomes progressively harder to manage a poorly performing unit trust. As investors notice the poor performance, they sell their holdings; the manager then has to raise cash to meet redemptions; often this will have to be done by selling the most liquid and highest quality stocks (no-one will want to buy his poor-quality stocks). Thus, the manager gradually gets left with the real dregs of his portfolio.

Bottom-fishing will only work if two conditions are fulfilled; the area is sufficiently volatile, and the investor's timing is virtually perfect. The consequence is that it is a highly risky strategy.

■ ■ ■

The O'Higgins theory, which I have mentioned before, involves an element of bottom-fishing. However, since it involves individual shares rather than collective funds, and limits itself to the blue chip end of the stock market, it avoids some of the flaws described above.

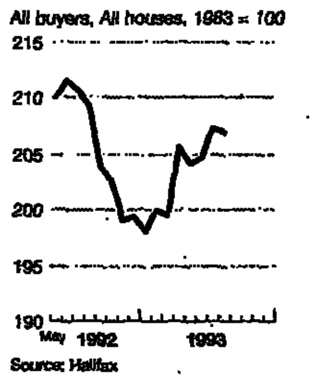
As adapted for the UK, Michael O'Higgins's theory involves finding the 10 stocks in the FT-30 with the highest yields and then ticking off the five with the lowest nominal share prices. In January, it selected Blue Circle, British Gas, Forte, Hanson and Lucas.

Since we are two-thirds through the year, and the market has been reaching all-time highs, I thought I would update readers on the progress of the theory. Blue Circle is up 34.2 per cent, British Gas has risen 13.9 per cent, Forte is 29.8 per cent higher, Hanson has increased 8.4 per cent and Lucas is up 23.5 per cent. The average rise is thus just under 22 per cent, compared with a 11.8 per cent increase in the FT-A All-Share Index over the same period. And that understates the outperformance, because the stocks provide a higher yield than average.

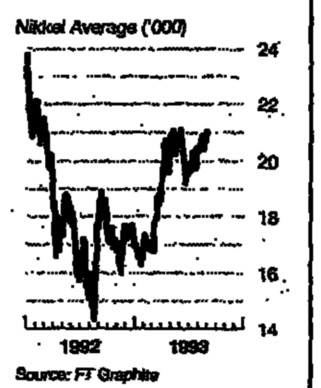
Of course, good contrarians will realise that, just because the theory has worked in the past, does not mean it will work in the future and the same five stocks would not necessarily be picked if the exercise was done today.

AT A GLANCE

House price index



Japan



Halifax notes slight rise in house prices last month

House prices last month rose by 0.8 per cent according to seasonally-adjusted figures released by Halifax, the largest lender. Nationwide building society, which does not make seasonal adjustments to its figures, reported a rise of just 0.1 per cent in August. Both indices show that prices were still lower – by more than 2 per cent – last month compared with August 1992. Halifax said that house prices have generally stopped falling but did not rule out some month-on-month falls during the year. Nationwide also expects house prices to have shown a "modest" increase by the end of the year compared with the end of 1992.

Nikkei hits year's high

The Nikkei stock index closed up four days out of five this week, and hit a new high for the year on Friday. Other markets in the region are hitting all-time highs, but Tokyo's closing high of 21,116 yesterday is still a very long way off the all-time high of nearly 39,000 in late 1989. The Nikkei's most recent low point of about 14,300 was reached in August 1992.
The Tokyo market's sentiment was buoyant this week on expectations of a cut in the official discount rate, which has so far failed to materialise, but investors still hope for an easing of monetary policy with the release of a Bank of Japan report on business sentiment next week.

BES sponsors launch three schemes

Business Expansion Scheme sponsors, Neill Clerk have launched new schemes. Pembroke Residences offers a cash-backed fixed exit price after five years of 122p for every 100p invested, equating to 14 per cent per annum for a higher-rate taxpayer.
The cash-backed fixed return for Oxford Isis Residences is 122p or 60p plus 2.5 p for every 1 per cent rise in the FT-SE 100 Index, with a lock-in at 25 per cent growth. Second Greenwich Student Halls pays a fixed return of 123p or 75p plus 1p for every 1 per cent rise in the index with lock-ins at 25 per cent, 50 per cent and 75 per cent rises, plus a 2p bonus. More BES, page IV

Abbey National's fixed bond

Abbey National is launching a five-year fixed-return bond which guarantees a return of 40 per cent gross or 30 per cent net after five years. This is equivalent to 6.63 per cent gross per annum, or 5.14 per cent net. The bond is aimed at people approaching retirement or anyone else expecting to become a non-tax payer within the next five years, as they will be able to receive the interest gross when the bond matures. The minimum investment is £1,000. No interest will be paid on bonds closed before the maturity date of 1 December 1998, and redemption is not possible before December 1995.

First Direct's interest rate move

First Direct, the telephone banking arm of Midland bank, has introduced a staggered interest rate charge for authorised overdrafts. Until August 31, the authorised rate was 16.2 per cent (17.4 EAR); the change means that those overdrawn pay 15 per cent per annum (16 EAR) up to £250 and 18 per cent (19.5 EAR) on borrowings above this amount. The unauthorised overdraft rate remains 28 per cent per annum (31.8 EAR).

Marginal rise in small companies

Small company shares rose marginally over the week with the Hoare Govett Index (capital gains version) up 0.1 per cent from 1590.21 to 1592.04 over the seven days to September 2.

Wall Street

Medicine starts working for drug houses

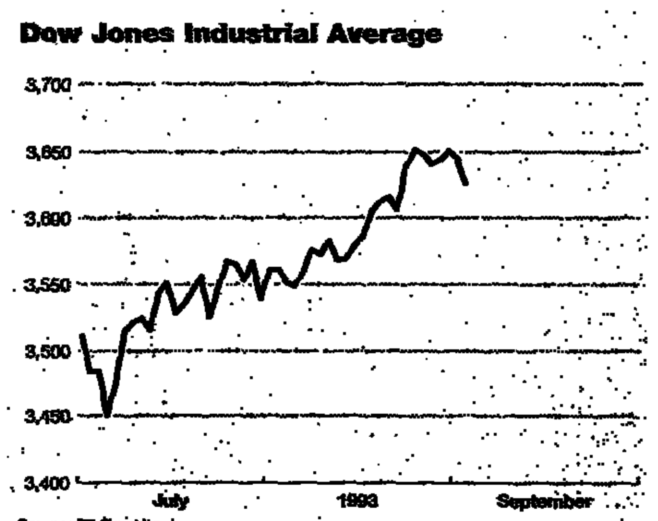
US drug stocks managed a half-hearted cheer on Thursday on news that President Clinton wasn't about to impose price controls as part of his planned health care reforms. After the battering they have taken over the past 18 months, though, few expect US pharmaceutical and other health-care stocks to rebound further soon.

Thursday's advance came as welcome relief after the unremitting gloom of recent months: the healthcare component of the S&P Composite index has halved in value relative to the index as a whole since the beginning of 1992. News that the reform plan, details of which are due to be unveiled in less than three weeks, would not peg prices in the industry helped to nudge the leading drugs stocks up by as much as 5 per cent. Merck, the largest, gained $1⅝ to $33⅜, while the share prices of Pfizer and Schering-Plough each rose by more than 3 per cent. Most drugs stocks held on to their gains yesterday, though Merck lost $¼ in early trading.

However, drugs companies' earnings are not likely to see any early benefit from the stance in Washington. While political control of drugs prices has been only a theoretical threat, the companies have faced far more immediate commercial pressures to hold down prices. Christina Heuer, an analyst at Smith Barney Shearson, says: "The problem is not Clinton, Washington or politics at all. The problem is the market."

Most leading groups have announced voluntary price restraints in recent months, in part as a public relations exercise to head off the threat of Washington-imposed regulation of prices. But such moves have also been a tacit admission that the biggest buyers of drugs - particularly those who buy through health management organisations to gain the clout that comes with bulk purchasing – are demanding cuts in their health care bills. A combination of political and commercial pressures could yet force drugs prices lower.

The threat comes from the growth of discounting. Around a third of all drug sales in the US are estimated to be made at a discount to bulk buyers, with discounts regularly reaching 25 per cent and in some cases climbing as high as 40 per cent. Washington's plans could eventually force drugs companies to extend these discounts to all buyers. Health alliances, the name given to the big cooperatives the Clinton administration plans to assemble to wrestle lower prices from providers, will add to the pressures on prices.



Politicians are already asking: If discounts of up to 40 per cent are available to some buyers, why shouldn't they be available to all? Significantly, Washington made clear it that it would keep an eye out for what it termed "profiteering" in the health care industry. A politician's definition of profiteering is usually very different from a businessman's or a shareholder's, particularly if the industry concerned has few political friends to spring to its defence.

Drug companies are also bracing themselves for a price war in the wake of Merck's $6bn takeover of Medco Containment Services, the US's biggest mail-order distributor of drugs, announced in July but yet to be completed. Merck has made it clear that it will use the distributor to gain a greater share of prescription drug sales, a process that will involve undercutting competitors' prices.

Against this uncertain background, at least two other troubling factors have hung over drug stocks. One is the slashing of tax breaks for manufacturing operations based in Puerto Rico, confirmed in the Clinton budget package. The move prompted Smith Barney to cut its estimates of net earnings in 1994 by 5 per cent, along with other analysts.

A second factor that overhangs share prices is the expiry in the near future of a raft of US patents on prescription drugs. Tagamet, an ulcer drug produced by SmithKline Beecham, loses patent protection next May, while Glaxo's Zantac, the market leader, is currently embroiled in a legal action over whether its patent should expire in 1995 or not until 2002.

The effects of expiring patents are not easy to predict, says Viren Mehta, of Mehta & Islay in New York. Patent expiry on Tagamet, whose US sales have already flagged in competition with Zantac, could hit Glaxo's sales in the US far harder, since it has more to lose. Also, the question of whether prescription drugs are able to make a transition to over-the-counter treatments – a move planned for Naprosyn, an arthritis drug produced by Syntex, whose patent runs out this year – will have a big influence on future income.

Richard Waters

Monday	3643.99	+ 3.36
Tuesday	3651.25	+ 7.26
Wednesday	3645.10	– 6.15
Thursday	3626.10	– 19
Friday		

The Bottom Line

Paradise is not quite here

AS THE interim results reporting season gets under way, stockbroking analysts have their pens poised to adjust profit forecasts for this year and next.

A serious reduction in earnings forecasts for the market as a whole could put pressure on share prices, while a more optimistic outlook would underpin the recent run up in the Footsie index.

The past week has seen a number of corporate results and statements, some of which have been poor, while company chairman are reaching for adjectives such as "fragile", "patchy" and "fitful" to describe their view of the economic outlook. There appears to be a dichotomy between corporate statements and those from politicians and economists who talk of recovery.

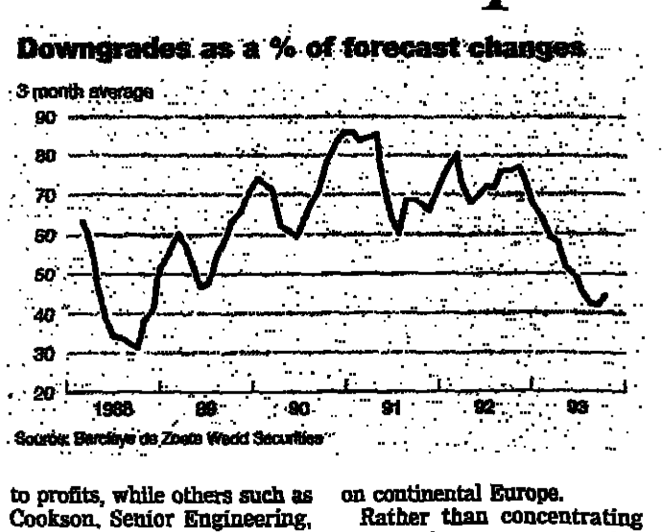
A profit warning from Tate & Lyle, the sugar and sweeteners group, on Wednesday, led to analysts cutting forecasts from around £235m to £220m for the year to end September. Also on Wednesday, Simon Engineering slumped into a first half loss of £52.6m and passed its dividend, while Courtaulds Textiles' interim profits fell 16.5 per cent.

On Thursday Bowater, the packaging and industrial films group, reported sharply higher profits but the chairman said orders were slackening and "confidence remains fragile". Ladbroke profits were lower.

While this sort of news was coming out, the Footsie was retreating from its 3100-plus level reached the week before.

But it may be too simplistic to say that poor trading statements have led to a fall in the market, although individual share price falls such as Tate's drop of 25p to 375p on Wednesday and Bowater's 21p fall to 494p on Thursday are included in the Footsie.

Mixed with the bad news were some encouraging signs. Vickers, the engineering group, and Sun Alliance, the insurance company, returned to profits, while others such as Cookson, Senior Engineering, Burmah and Rolls Royce, Reckitt & Colman, as well as Bowater, lifted profits. Even Courtaulds Textiles chairman said "we are basically bullish about the British recovery" blaming the profit fall largely on continental Europe.



Rather than concentrating on earnings, many market commentators believe the fall has more to do with receding hopes of early interest rate cuts.

Mr Michael Hughes, strategist at Barclays de Zoete Wedd Securities, says "the market is much more interest rate sensitive than earnings sensitive". Mr Nick Knight, of Nomura Research Institute, concurs, saying, "the market is 1 per cent about earnings, and 99 per cent about the US long bond".

Neither is cutting his forecast of earnings growth from the market for 1993 and 1994. Mr Hughes is forecasting a 15 per cent rise in industrial group earnings in 1993, and has increased his forecast for 1994 from 15 to 17 per cent.

However, he says there has been a slight tendency by BZW's sector analysts to mark estimates down a bit. BZW tracks the proportion of downgrades out of total changes in forecasts for large companies. Since 1989, more than half the changes had been reductions until May this year when upgrades exceeded downgrades. Recently the trend has headed slightly lower again with downgrades over 50 per cent again in August.

A contrary view is taken by Mr Bob Semple, strategist at NatWest Markets. Although not changing his earnings forecasts after this week's news, he is warning that the market may start getting worried about earnings prospects. He points out that companies can no longer guide analysts' profit forecasts, leaving a greater margin for error.

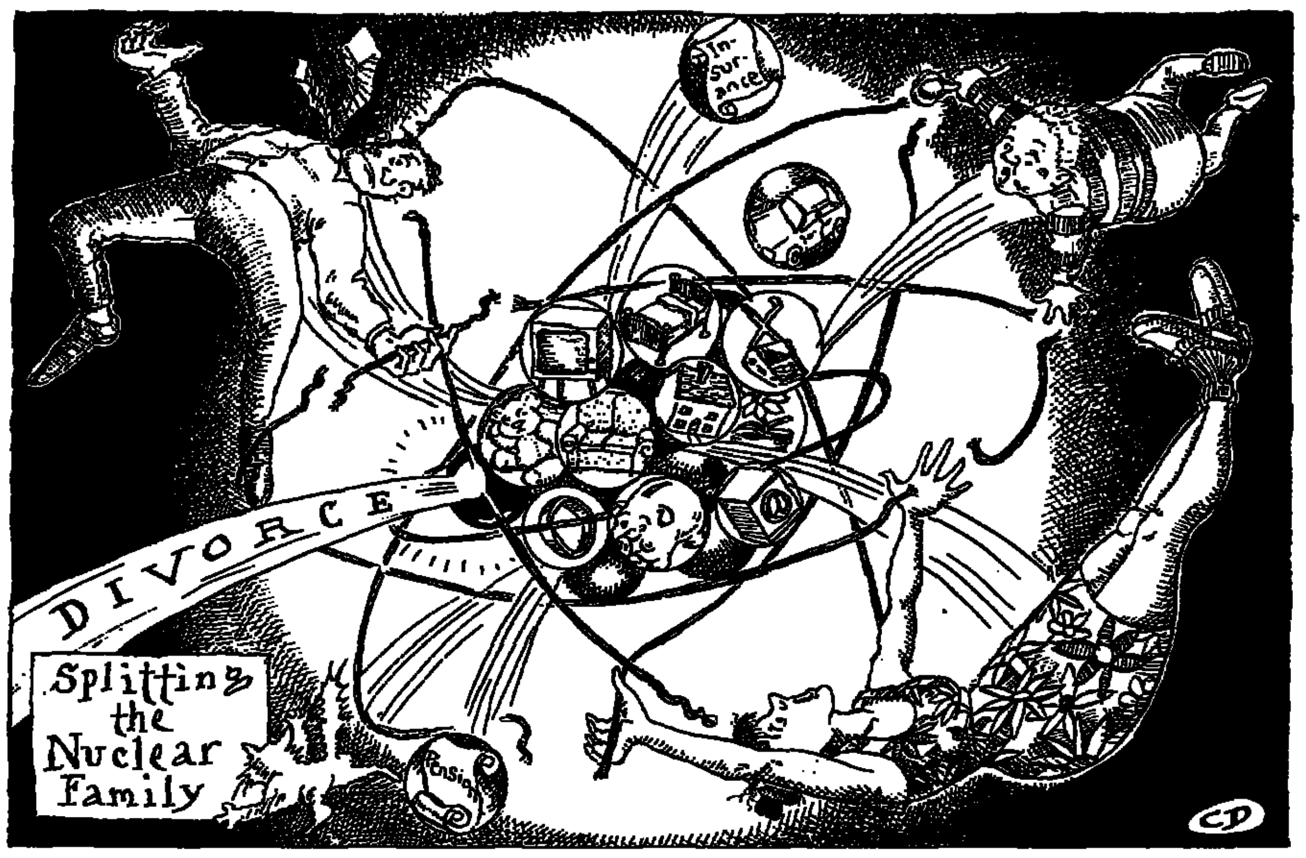
Mr Knight of Nomura is expecting 30 per cent growth over the two years, without being specific over the split between 1993 and 1994. He says that the benefits of sterling leaving the ERM last September, and the interest rate cuts which have followed, were bound to take time to work through to companies. "This reporting season was the very first opportunity to see any improvement in earnings. If there is a six month delay it is not out of line with the logic. It is just paradise postponed."

Maggie Urry

FINANCE AND THE FAMILY

Breaking down the costs of divorce

***Scheherazade Daneshkhu** and **Bethan Hutton** outline the financial effects and legal implications of the decision to end a marriage*



TWO in five marriages today end in divorce. One in five women and one in eight men are divorced by the age of 33, according to a survey released this week by the Economic and Social Research Council.

Those facing a marriage breakdown have to cope not only with the emotional distress but also with financial disruption and increased costs.

One of the hard tasks facing a couple on the verge of divorce is the division of assets and, in situations where one is financially dependent on the other, deciding how much maintenance should be paid.

■ The Legal Position

Going to court can be a lengthy and expensive business but if an amicable settlement cannot be worked out some people may feel there is no alternative.

Unlike some American states and several countries, the law in England and Wales does not stipulate precise redistribution of assets but is discretionary.

"The law used to be that the parties had to be put back in the position they were before marriage," said Douglas Alexiou, senior partner and head of family law at Gordon Dadds solicitors, which specialises in divorce cases. "But that was impractical and now, the function of a court is not to punish or to compensate but to redistribute fairly."

The court will decide on apportioning the assets according to the length of the marriage, the earning power of the husband and wife and the needs of the parties. If a couple have children under 18, the court's main concern will be with their welfare but it no longer decides on levels of child maintenance.

The couple has to provide detailed information about their income and assets, backed if necessary by documentation. Although wealthier spouses may be tempted to shift their assets to a relative or friend in order to disguise how much they own, Alexiou warns that this is not a good idea. If the lawyers find out, the court will disregard the transfer and treat the asset as the spouse's own.

Couples who have a pre-nuptial agreement are probably aware that these are not enforceable legally.

■ Child maintenance

Levels of child maintenance used to be decided by the courts, but varied widely as there were no standards to follow. Since April, a new system has been operated by the Child Support Agency. It is designed for separated parents claiming state benefits, but parents at all income levels can come under its jurisdiction.

The agency uses a formula to work out how much the absent parent should pay as a contribution to the child or children's upkeep, depending on both parents' incomes and essential living expenses. The figure should be more consistent than formerly. High-earning absent parents can still be taken to court for maintenance above the agency's maximum assessment, to cope with expenses such as school fees.

The child maintenance formula automatically includes an amount of money for the carer. That could mean that even when a couple has made a "clean break" agreement, the spouse looking after the children could claim some maintenance.

So far the agency is only taking on new cases, where there is no existing child maintenance arrangement, but it will gradually take responsibility for existing cases during the next few years. The agency is entitled to trace missing parents using national insurance and Inland Revenue records, and have maintenance payments deducted from their salaries if they will not pay voluntarily. It can charge for its assessment and collection services.

■ Legal Aid

There are two main types of assistance for people seeking a divorce in England and Wales: Legal Advice, also known as the green form scheme, which provides what its name suggests, and Civil Legal Aid, for those preparing to go to court. If your disposable income is £6,800 or less and your disposable capital is £6,750 or less, you qualify for Legal Aid on financial grounds but you must also show that you have reasonable grounds for taking or defending a court action. The financial qualifying limits for Legal Advice are lower.

The most common misconception about Legal Aid, according to Lyn Graham of the Legal Aid Board, is that it is a gift when in fact it is a loan. If your disposable income is more than £2,294, you will pay monthly contributions towards the cost of your claim. If you are awarded money or property as a result of the divorce, but your ex-spouse does not pay your costs in full, you will have to pay what is known as the statutory charge – an amount determined by the Legal Aid office to cover your costs.

If a home is recovered, payment of the statutory charge can be postponed but it will incur simple interest, currently of 8 per cent per annum. If you lose, the court will take into account your financial means in deciding the level of costs awarded against you.

> *'If a couple have children under 18, the court's main concern will be with their welfare but it no longer decides on levels of child maintenance'*

■ Financial planning

If you anticipate being worse off after the divorce, you should try to assess your income needs. In most cases, it is the woman who is likely to find it harder to adjust if she has been financially dependent on her husband.

Fiona Price of Fiona Price & Partners, London-based independent financial advisers, says it is all too common for women to underestimate how much they will need to live on.

"One woman was being paid £150 a month by her ex-husband with no provision for inflation and though she had £60,000-70,000 in the building society and felt well-off, she was spending more than she was earning in interest. She had settled for something which she thought was reasonable without realising that it was not enough."

Price advises writing down how much you spend and what you spend it on in order to be able to make a realistic claim and to make informed investment decisions.

You should also close as quickly as possible joint accounts and destroy joint credit cards, if you suspect your spouse may make use of them. However, Price advises maintaining insurance policies until a settlement has been agreed.

If you are covered for medical expenses or life insurance as part of your spouse's employees benefits, you will lose these on divorce and will need to take out policies under your own name.

A wife loses rights to any benefits from her husband's pension scheme on divorce. The courts in England and Wales have no power to transfer pensions rights from husbands to wives but in Scotland pensions are regarded as part of "matrimonial property" which should be shared fairly on divorce.

The Pensions Management Institute has recommended that courts divide pension rights between a divorcing couple but the government has yet to respond to its recommendations. Until it does, women should try to make savings arrangements of their own during the marriage and try to get a divorce settlement adequate to provide for their old age.

DIVORCE is bound to affect both individuals' tax positions, and tax considerations may also affect the division of assets in any settlement.

Some tax aspects should be borne in mind in the early parts of the divorce process, as once certain key stages have passed, tax advantages may be lost. This particularly applies to capital gains tax.

Paul Knox, a senior tax manager at accountancy firm Ernst and Young, says you should plan for CGT in the tax year of separation. Transfers of assets between spouses living together can be made on a no gain/no loss basis, so no tax charge is incurred. This relief is lost at the end of the tax year in which separation took place.

Between separation and the decree absolute, husband and wife are still classified as "connected parties" for CGT purposes. This can cause difficulty if there is any transfer of assets between spouses during this period which would give rise to a capital loss. In these circumstances, the donor can only offset losses from disposals made to the separated spouse against other disposals to the same person, which can mean, in practice, that the losses are wasted.

The matrimonial home is the focus for other tax considerations. Transfer of ownership from one spouse to another should not cause any capital gains tax problems, even after separation, because of the principal private residence exemption, available for up to 36 months after the person making the transfer has stopped living there. Even after 36 months there are some concessions.

Liability for stamp duty is limited to 50p for transfers made in connection with divorce.

Knox says one type of arrangement for the former husband and wife's home is best avoided. This is where the divorced couple continues to own the property in agreed shares, with one spouse and the children being allowed to live there long-term, often until the youngest child reaches the age of 18. When the property is eventually disposed of, the non-resident partner will be faced with a CGT liability for the gain arising while he was not occupying the property.

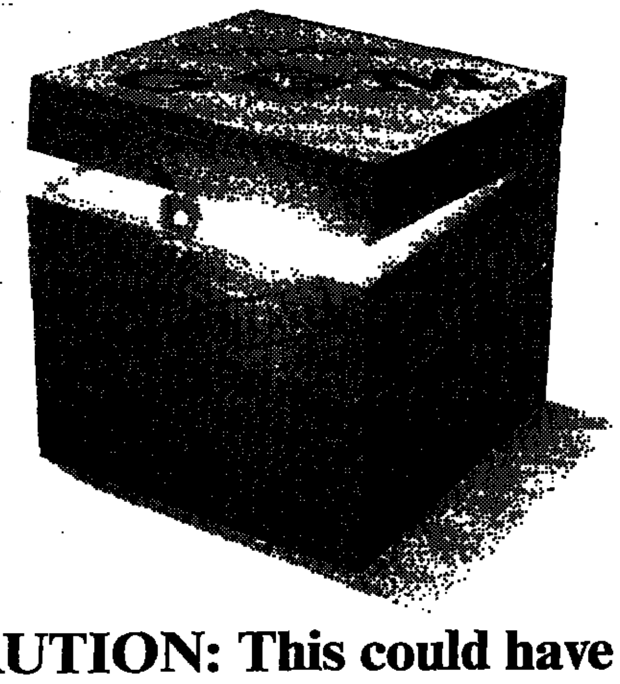
If one spouse carries on living in the home after divorce, but the other is paying the mortgage, he will also lose his entitlement to mortgage interest relief, which is only available on one's main residence. John Battersby, personal tax partner at KPMG Peat Marwick, says that one more tax-efficient way around this is for the mortgage to be taken over by the person living in the house, who could then claim mortgage interest relief; maintenance payments from the non-resident spouse could be increased to cover the mortgage payments.

If the divorcing couple are older, potential inheritance tax liabilities may become a concern. There is an exemption for transfers made between husband and wife up to the date of the decree absolute. Restrictions may apply when the spouse transferring the asset is not resident in the UK. Transfers made after the divorce because of a court order are not seen as voluntary gifts, and are exempt from inheritance tax, but transfers under voluntary agreements are not.

Maintenance payments used to attract generous income tax relief for the payer, but since the 1988 budget this has ceased to be the case. The bulk of the maintenance has to be paid out of net income. However, the recipient of maintenance payments, made under most orders or agreements since March 1988, does not pay tax on them.

The spouse looking after the children is entitled to the single parent's allowance of £1,720 in addition to the personal allowance. If the children spend time with each parent in turn, they can split the additional allowance. If each parent looks after at least one child of the marriage, both will be entitled to the full allowance.

SCHRODER GLOBAL EMERGING MARKETS FUND



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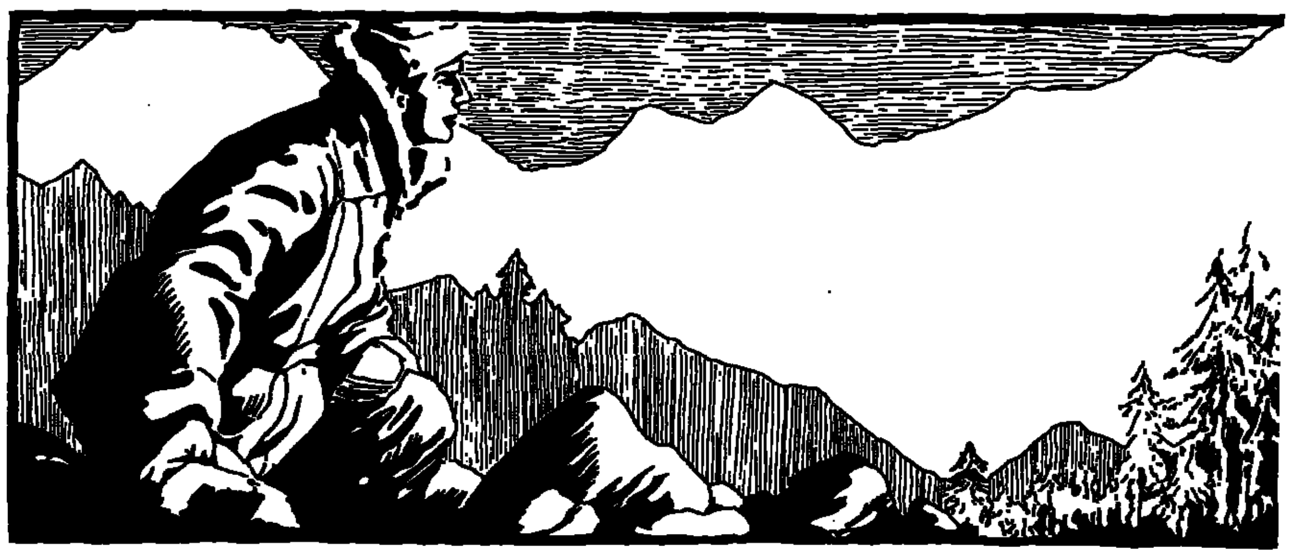

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*FT, May 6th, 1993, performance for segregated funds over 5 years to 31/12/92. Newton Fund Managers Limited is a Member of IMRO and LAUTRO.

FINANCE AND THE FAMILY

BES tax warning

JUST UNDER 1,000 investors in Bulldog Premium Growth I and II loan-back business expansion schemes, stand to lose tax relief following a warning from the Inland Revenue.

The investors have been told by Charterhouse Tilney, the sponsors, that on August 25 the Inland Revenue had taken "the provisional view" that the companies' shares were not issued before midnight March 15. The abolition of loan-back BES companies was announced in the Budget.

The 960 investors in the Bulldog Companies have therefore been warned by Charterhouse Tilney that they may get back only 75p for every 100p invested, if they take the loan from Barclays bank. The deadline for take up of the loan facility has been extended beyond the original September 15 date until after the result of the Revenue's appeal against two other BES loan-back schemes.

The Revenue is appealing against a High Court judgment reversing the Revenue's decision that National Westminster bank's Homeshare scheme and BZW's Gracechurch companies are ineligible for tax relief. The hearing is not expected until October.

There has been a rash of new issues this week. Sponsors Capital Ventures has launched three BES schemes. Cambridge Collegiate II seeks to raise £29.85m for Fitzwilliam, New Hall, Robinson and St Catherine's colleges. The cash-backed contracted exit price is 122.5p, equivalent to an annual return after five years of 14.3 per cent.

Queens' College Tenancies and Lady Margaret Options are both FT-SE 100-linked schemes. The first seeks to raise £17m for Queens' College, Cambridge. The contracted exit price is 121p or investors can choose a variable geared return of a minimum of 60p after five years plus 2.5p for every 1 per cent increase in the FT-SE to a maximum of 40 per cent growth in the index. There is a lock-in facility once the index rises by 25 per cent.

Cap and gown colleges are among the rash of new BES schemes

Lady Margaret Options aims to raise £17m this time to buy properties from St John's College or Lucy Cavendish College, Cambridge and is for those with a more bullish view of the FT-SE. The fixed exit option is 121p or investors can choose a 60p return plus 2p for every 1 per cent increase in the index limited to a 70 per cent rise. The lock-in is at 35 per cent growth.

The minimum investment in all three Capital Ventures schemes is £2,000.

Hodgson Martin is launching the University of Oxford Accommodation Companies, the first BES offer by the university itself. The aim is to raise £15m for accommodation to let to graduate students on an assured tenancy basis. The exit price is 123p and the minimum investment is £3,000 (£2,000 for Oxford graduates, benefactors and staff).

Hodgson Martin is co-sponsoring an issue with Allied Dunbar to raise £17.5m for accommodation for St Catherine's Jesus and St Hilda's Colleges, Oxford. Allied Dunbar Stockmarket BES takes a different approach to the FT-SE linked schemes to date by promising to lock in 72 per cent of any annual growth in the index and locking out subsequent losses. The minimum return is 75p per 100p invested.

Scheherazade Daneshkhu

Hard choice for trust investors

Differing yield calculations make it impossible to compare competing funds, says ***Damian Reece***

UNIT TRUST investors are being forced to choose funds based on vastly-differing yield calculations which, in many cases, make it impossible to compare competing funds on a like-for-like basis even though the underlying portfolios can be very similar.

This dilemma is now all the more acute for investors who have seen returns from building societies plummet as interest rates have fallen since sterling left the exchange rate mechanism.

Unit trusts investing in shares and fixed interest securities can now provide higher levels of income than building society deposit accounts. But because yields on unit trusts are calculated using such variable criteria, investors have no way of knowing if a quoted yield will equate to the yield actually received by them.

Ken Emery, technical director of Save & Prosper, one of the country's largest unit trust companies with £2.7bn under management, says: "There are various permutations, which is why there's a problem. There is definitely a need to standardise yield calculations. It's interesting how unit trusts have similar portfolios but have different yields."

With this in mind, the Life Assurance and Unit Trust Regulatory Organisation (Lautro) is investigating ways to impose a standard method of calculating yields. It has asked the Association of Unit Trusts and Investment Funds (Autif) to provide proposed yield calculations for equity funds, cash funds and bond funds.

The different methods unit trust companies can use at present to massage yield figures include:

■ Calculating on an historic or an anticipated yield basis. Philip Warland, director of Autif and chairman of the working party to examine yield calculations, says: "You can get substantial differences because companies are using past yields, especially if they think future yields will fall. If yields are going up, they can use future yields."

Allied Dunbar says it calculates its yield by taking the estimated future dividend payments over the next 12 months divided by the cash value of the assets.

■ Boosting yields on equity income funds by placing assets in cash instead of equities at different times.

This means unit trusts can quote yields for short periods which are higher than yields on trusts with very similar objectives but with smaller short-term cash holdings.

■ Yields will differ from trust to trust depending on which price is used to calculate the yield. A fund manager can express a yield either as a percentage of the value of the fund on an offer price basis or on a bid price basis. The former will give a lower yield than the latter.

■ No rules exist to govern the stage at which a fund manager calculates a yield. This means a yield can be expressed either before or after charges. If after, the manager can decide which charges to be taken out of capital and which should be taken out of income, again affecting the final yield figure.

Graham Large, an independent financial adviser who publishes *Income Fund Analysis*, a specialist survey of UK income funds, says: "A standard method of quoting gross yields is long overdue. If the numbers are to have any value to prospective investors and their professional advisers, they must be comparable, like with like."

Large suggests that a common sense approach would be for every unit trust company to quote a yield on an historical basis. This would involve the last complete year's distributions, after expenses but before tax, as a straight percentage of the present offer price.

The yield would fall as the unit price increased. As each new distribution was declared and the last declaration fell out of the calculation, the yield would be re-calculated up or down.

Large adds: "Even this basis is not conclusive. But what has actually been paid out for the most recent year is probably the most reliable guide we can have, perhaps with the flexibility for the managers to publish a lower yield if they know the forecast income is going to be lower in the year ahead."

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Weekdays 8.30 to 7.00 Weekends 10.00 to 5.00

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FIMBRA

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Barclays Bank	Bank	102,000	505	1*
BPP	BuSe	82,712	248	1*
Brandon Hire	n/a	200,000	60	1
Bristol Scotts	H&L	907,604	437	1
Carclo Engineering	EngG	10,000	24	1
CIA Group	Med	40,000	120	1
Cowie T	Motr	1,500,000	3,900	1
Hoskins Brewery	n/a	1,104,606	608	2
ICI	Chem	114,812	792	1*
Low & Bonar	Pack	3,750	13	1
Lowndes Lambert	InsB	24,000	106	1
Marks & Spencer	Stor	149,520	559	1*
Millwall Holdings	H&L	3,600,000	130	1
Northern Foods	FdMa	50,000	142	1
Perpetual	OthF	5,000	39	1
Scott Pickford	BuSe	70,000	25	1
Transport Devel Grp.	Tran	5,000	13	1
Wagon Industrial	EngG	9,300	38	1
Wellcome	Hlth	39,293	289	1
PURCHASES				
Bristol EveningPost	Med	5,000	17	1
Hoskins Brewery	n/a	750,000	413	4
Melville Street Inv.	InTr	9,280	12	1
Mercury Asset Mngmt	OthF	9,000	59	1
Quadramatic	EngG	8,000	10	1
Victaulic	EngG	22,000	66	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 23-27 August1993.
Source: Directus Ltd, The Inside Track, Edinburgh

The Week Ahead

GLAXO, reporting full year results on Thursday, might sound more cheerful about its prospects in the US following President Clinton's conciliatory message about health care reforms this week.

Pre-tax profits for the year ended June are forecast at around £1.65bn against £1.43bn a year earlier. A final dividend of 13p is likely making 20p for the year (17p a year ago).

Cadbury Schweppes is expected to deliver results in line with management's bullish assessments of trading in recent months when it reports first-half figures on Thursday. Many analysts forecast pre-tax profits of at least £160m, up from £126m last time.

Forecasts for Prudential, reporting on Wednesday, vary from £218m to 280m pre-tax against £249m a year earlier, an increase in dividend to about 4.5p from 4.1p is also forecast. Better life insurance performance will be over-shadowed by losses on re-insurance.

George Wimpey, reports on the same day. Some analysts forecast a small interim pre-tax profit, others a small loss, against a loss of £7.2m a year ago.

Blue Circle should report on Thursday interim pre-tax profits slightly ahead with the dividend unchanged. AMEC's interim pre-tax profits are likely to be slightly lower than last year's £10.6m.

Following a recent trading statement, Hillsdown Holdings' results on Tuesday will be carefully scrutinised. It said it would achieve operating profits of not less than £80m but it has its work cut out to improve the profitability of its diverse food businesses. Coats Viyella on Thursday is forecast to report a moderate rise in interim pre-tax profits to about £54m from £46.5m a year earlier.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Assoc Fisheries	150§§	155	124	6.59‡	Linton Park
Flogas ‡	325*	306	255½	79.40 ††	DCC
Man Ship Canal	£33½*	£29¾	£21½	£26.60 †	Peel Hldgs
P-E Intl.	73	74	65	15.97	Cray Elect
Watts Blake	420*§	433	391	87.33	Sibelco

*All cash offer.††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 3/9/93. §§Shares and cash. †Value of bid based on remaining 20% of shares. ‡Value of bid based on remaining 25% of shares. ‡ Figures all quoted in Irish currency.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bellwinch	C&C	Jun	28	(98 L)	0.2	(0.2)	-	(-)
Greycoat	Prop	Mar	164,400 L	(7,600 L)	-	(-)	-	(2.3)
Multitrust	InTr	Jun†	48.6	(33.2)	2.17	(1.5)	2.7	(2.5)
Short Brothers	N/A	Jan	21,000	(16,000)	-	(-)	-	(-)
Surrey Group	H&L	Mar	937 L	(5)	-	(0.07)	-	(-)
Throgmorton 1000	InTr	Jun†	118.4	(-)	3.29	(-)	2.5	(-)
Triton Europe	O&G	May	50,000 L	(700 L)	-	(-)	-	(-)
West Trust	Text	Mar	129	(3,180 L)	0.21	-	2.5	(2.5)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Admiral	Elec	Jun	2,180	(1,900)	2.0	(1.7)
American Tst	InTr	Jul†	282.8	(265.2)	1.8	(1.5)
Anglo Pacific Res	MnFn	Jun	118	(147 L)	-	(-)
Aran Energy	O&G	Jun‡	3,290	(39)	-	(-)
Ashley Group	Misc	Jun	1,580	(4,900 L)	-	(0.375)
Astec (BSR)	Elec	Jun	4,330	(2,170)	0.25	(-)
Baillie Gifford	InTr	Jul†	179.8	(123.1†)	-	(-)
Bowater	PP&P	Jun	102,600	(62,400)	5.3	(4.7)
Braime (TF & JH)	M&MF	Jun	155	(214)	2.25	(2.25)
Brent Intl	Chem	Jun	931	(6,400)	1.6	(1.6)
British-Borneo Pet	O&G	Jun	3,370	(2,260)	2.667	(2.667)
Burmah Castrol	O&G	Jun	90,500	(80,600)	16.5	(8.75)
Calderburn	Misc	Jun	1,410	(2,210)	2.8	(2.8)
Clondalkin Group	PP&P	Jun‡	4,840	(6,170)	1.834	(1.834)
Cookson	Otln	Jun	47,200	(33,800)	3.0	(3.0)
Courtaulds Textiles	Text	Jun	13,700	(16,400)	4.7	(4.4)
Coutts Consulting	BsSr	Jun	5,240 L	(930)	-	(-)
Dixon Motors	Mtrs	Jun	642	(-)	0.75	(-)
English & O'seas	Prop	Jun	12	(438 L)	-	(-)
Ferry Pickering	PP&P	Jun	3,860 L	(95)	2.1	(2.1)
Grafton	BdMa	Jun‡	1,210	(1,850)	3.0	(2.75)
HSBC	Bank	Jun	1,170bn	(521,000)	7.0	(4.8)
Henlys	Mtrs	Jun	3,200	(898 L)	1.5	(1.0)
Instem	Elec	Jul	410	(551)	1.3	(1.3)
Invergordon	B&D	Jun	11,500	(14,600)	2.9	(2.8)
IoM Steam Packet	Tran	Jun	1,910	(1,230)	3.5	(3.0)
Johnston Press	Med	Jun	6,020	(4,850)	2.5	(2.25)
Ladbroke	H&L	Jun	82,500	(84,400)	4.92	(4.92)
LEC Refrigeration	Elec	Jun	1,880 L	(320)	4.0	(4.0)
Linton Park	FdMa	Jun	4,320	(2,170)	2.5	(2.5)
London Fin & Inv	OtFn	Jun†	31.93	(19.77)	-	(-)
Macfarlane Group	PP&P	Jun	5,350	(4,550)	1.44	(1.253)
Microvitec	Elec	Jun	570	(62)	-	(-)
Osprey Comms	Med	May	4,250 L	(339 L)	0.1	(0.65)
Owen & Robinson	Strs	Jul	1,660 L	(2,440 L)	-	(-)
Page (Michael)	BsSr	Jun	1,570	(1,290)	0.6	(0.6)
PCT Group	Eng	Jun	751	(825)	2.5	(2.5)
P-E International	Elec	Jun	896 L	(515)	-	(1.0)
Persimmon	C&C	Jun	9,720	(7,250)	2.8	(2.8)
Plantsbrook	Misc	Jun	5,960	(4,910)	1.1	(1.0)
Provident Financial	OtFn	Jun	21,900	(11,500)	4.75	(3.7)
Psion	Elec	Jun	1,070	(1,050)	1.0	(1.0)
Rathbone Brothers	OtFn	Jun	2,530	(2,020)	2.0	(1.5)
Reckitt & Colman	H&H	Jun	153,200	(134,200)	6.45	(5.95)
Rhino Group	Misc	Jun	263 L	(150 L)	-	(-)
Robinson Brothers	N/A	Jun	1,900	(736)	-	(-)
Rolls-Royce	EnAe	Jun	31,000	(20,000)	1.0	(1.0)
Scottish Inv Tst	InTr	Jul†	254.1	(217.3†)	-	(-)
Senior Engineering	Eng	Jun	11,400	(10,000)	1.28	(1.2)
Serco Group	BsSr	Jun	4,350	(3,390)	5.3	(4.5)
Severfield-Reeve	C&C	Jun	210	(398 L)	0.25	(-)
Shorco	C&C	Jun	80	(105†)	2.4	(2.4)
Silvermines	Elec	Jun‡	251	(479 L)	-	(1.0)
Simon Engineering	Eng	Jun	52,800 L	(6,160)	-	(5.0)
Sun Alliance	InCm	Jun	61,700	(97,900 L)	5.25	(5.25)
Trencherwood	Prop	Apr	1,820	(16,400 L)	-	(-)
Vickers	Eng	Jun	8,300	(4,120 L)	1.25	(0.5)
Waterford Wedgwood	Misc	Jun‡	400	(5,800 L)	-	(-)
Yorkshire Food	FdMf	Jun	376 L	(615 L)	0.72	(-)

(Figures in parentheses are for the corresponding period.)

RIGHTS ISSUES

Rolls-Royce is to raise £307m via a 1 for 4 at 130p rights issue.
Wickes is to raise £58.1m via a 2 for 9 at 88p rights issue.
Wiggins Group is to raise £1.6m via a 4 for 1 at 2½p rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Wiggins Group is to raise £7m via a placing of 280m shares at 2½p.
West Trust is to raise £2.48m via a placing of 6.2m shares at 32p.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Adscene Group	Med	Tuesday	1.5	2.5	1.8
Cantors	Strs	Tuesday	1.0	3.0	1.0
Davies (D.Y.)	Prop	Thursday	-	-	-
European Smaller Co's	InTr	Friday	-	-	-
Fleming O'seas Inv Tst	InTr	Tuesday	1.5	2.5	1.5
Glaxo Holdings	H&H	Thursday	6.0	11.0	7.0
Haggas (John)	Text	Monday	1.0	2.0	1.0
Haynes Publishing	Med	Monday	2.5	3.5	3.5
Headway	Otln	Friday	-	0.7	-
Henderson Eurotrust	InTr	Friday	1.5	-	-
Industrial Control Services	Elec	Tuesday	1.33	-	-
Macro 4	Elec	Tuesday	5.14	7.61	6.27
Northern Indl Improvement Tst	InTr	Wednesday	8.0	15.0	9.0
Phoenix Timber Group	BdMa	Monday	-	-	-
Roxspur	Misc	Monday	-	-	-
TR European Growth Tst	InTr	Tuesday	-	1.35	-
Walker (Thomas)	O&G	Friday	0.18	0.4	0.18
Wills Group	BsSr	Monday	-	1.0	1.0
INTERIM DIVIDENDS					
Albany Inv Tst	InTr	Wednesday	1.25 2.6	2.75	-
AMEC	C&C	Wednesday	2.0	1.0	-
Arjo Wiggins Appleton	PP&P	Thursday	2.85	3.85	-
ASW Holdings	M&MF	Monday	3.0	3.0	-
Avonside Group	C&C	Tuesday	1.8	2.2	-
Baird (William)	Text	Wednesday	5.35	-	-
Baynes (Charles)	Otln	Wednesday	0.525	0.9	-
Beattie (James)	Strs	Friday	1.4	4.6	-
Berry Starquest	InTr	Friday	-	2.2	-
Blenheim Group	Med	Wednesday	8.3	3.0	-
Bletchley Motor Group	Mtrs	Friday	4.4	4.4	-
Blue Circle	BdMa	Thursday	3.75	7.5	-
Boddington Group	B&D	Tuesday	2.6	4.7	-
Booker	FdMf	Thursday	7.5	14.25	-
Boustead	BsSr	Thursday	0.35	0.35	-
Brammer	Eng	Monday	4.5	8.5	-
British Dredging	BdMa	Thursday	2.6	2.6	-
British Gas	O&G	Thursday	6.4	7.8	-
British Vita	Chem	Monday	3.5	3.65	-
Brown & Jackson	Strs	Tuesday	-	0.1	-
BTR	Otln	Thursday	7.75	10.25	-
Bunzl	PP&P	Monday	1.8	2.2	-
Burnfield	Elec	Wednesday	1.65	4.1	-
Cadbury Schweppes	FdMa	Thursday	3.3	9.9	-
Cairn Energy	O&G	Wednesday	-	-	-
Cakebread Robey	BdMa	Tuesday	-	-	-
CarnaudMetalbox	PP&P	Wednesday	-	-	-
Christies Intl	Misc	Thursday	0.5	1.0	-
Claremont Garments	Text	Monday	3.3	3.95	-
Cluff Resources	Mine	Wednesday	-	-	-
Coats Viyella	Text	Thursday	3.0	4.25	-
CRH	BdMa	Tuesday	-	-	-
Croda International	Chem	Tuesday	2.75	5.0	-
Dragon Oil	O&G	Friday	-	-	-
Eadie Holdings	Eng	Wednesday	-	0.5	-
EFM Income Tst	InTr	Monday	1.2	1.275	-
Enterprise Oil	O&G	Thursday	6.5	8.5	-
Expamet Intl	Otln	Tuesday	2.09	1.16	-
Fairey Group	Elec	Monday	3.3	6.9	-
Fairhaven Intl	O&G	Wednesday	2.0	6.0	-
Fisons	H&H	Tuesday	3.3	5.4	-
Friendly Hotels	H&L	Thursday	2.2	3.5	-
Frost Group	Misc	Tuesday	5.5	2.2	-
Gaskell	Text	Tuesday	1.5	2.75	-
Gowrings	Mtrs	Thursday	1.0	1.0	-
Great Southern Group	Misc	Thursday	3.6	7.4	-
Hall Engineering	Eng	Thursday	3.3	5.34	-
Harrington Kilbride	Med	Tuesday	1.5	3.0	-
Headlam Group	Misc	Tuesday	0.75	1.85	-
Hillsdown Holdings	FdMf	Tuesday	2.2	6.8	-
Home Counties Newspaper	Med	Tuesday	2.75	3.25	-
Iceland Group	FdRe	Tuesday	3.1	6.9	-
IMI	Eng	Tuesday	4.2	5.8	-
JIB Group	InBr	Thursday	2.5	5.0	-
John Laing	C&C	Thursday	3.0	6.0	-
Jupiter Tyndall	OtFn	Tuesday	3.0	4.5	-
Kleinwort Smaller Co's	InTr	Wednesday	2.0	-	-
Laird Group	Mtrs	Monday	6.3	-	-
Lionheart	Misc	Monday	0.2	-	-
Lloyds Smaller Co's Inv Tst	InTr	Thursday	-	-	-
Marders	BdMa	Thursday	2.6	8.4	-
Newman Tonks	BdMa	Tuesday	3.8	5.5	-
North Sea Assets	O&G	Thursday	-	1.0	-
Nurdin & Peacock	FdRe	Wednesday	1.96	4.18	-
Ocean Group	Tran	Wednesday	4.71	9.62	-
OGC International	O&G	Wednesday	-	-	-
Pacific Horizon Inv Tst	InTr	Tuesday	-	0.14	-
Peek	Elec	Tuesday	1.05	2.35	-
Perkins Foods	FdMf	Monday	1.7	2.7	-
PLASMEC	Eng	Wednesday	1.5	2.25	-
Portals Group	PP&P	Wednesday	5.0	9.5	-
Porvair	Chem	Wednesday	1.2	2.4	-
PowerGen	Elec	Tuesday	7.15	-	-
Prudential Corp	InLf	Wednesday	4.1	7.8	-
RTZ	Mine	Thursday	6.0	13.5	-
Reece	Cngl	Tuesday	-	-	-
Ropner	Cngl	Thursday	3.5	4.75	-
Royal Dutch Petroleum	O&G	Thursday	-	-	-
Rugby Group	BdMa	Monday	2.85	3.6	-
Scholl	H&H	Tuesday	2.6	3.7	-
Seafield Resources	O&G	Friday	-	-	-
Sema Group	Elec	Wednesday	1.1	1.7	-
Shell Transport & Trading	O&G	Thursday	9.3	12.8	-
Shires Inv	InTr	Tuesday	4.2	5.9	-
Singer & Friedlander Group	MrBk	Wednesday	1.0	1.6	-
Spear (J.W.) & Sons	Misc	Tuesday	2.5	11.5	-
Stat-Plus Group	PP&P	Wednesday	3.56	4.44	-
Strong & Fisher	Misc	Monday	-	1.0	-
Sumit	InTr	Wednesday	1.4	-	-
Suter	Otln	Monday	3.2	5.8	-
T & N	Mtrs	Thursday	3.8	7.25	-
Telemetrix	Elec	Tuesday	-	0.8	-
Thompson Clive Invs	InTr	Wednesday	-	3.8	-
TLS Range	Mtrs	Monday	-	0.25	-
Transfer Technology	Eng	Tuesday	6.25	9.75	-
Tullow Oil	O&G	Wednesday	-	-	-
Ulster TV	Med	Friday	4.25	5.75	-
USDC Inv Tst	InTr	Monday	1.26	3.25	-
Vardon	H&L	Wednesday	0.25	0.5	-
Vinten Group	Otln	Friday	1.9	5.1	-
Williams Holdings	Otln	Tuesday	5.0	7.5	-
Wilson Bowden	C&C	Monday	2.5	6.2	-
Wilson (Connolly) Holdings	C&C	Tuesday	1.27	2.66	-
Wimpey (George)	C&C	Wednesday	2.0	3.25	-
Wyevale Garden Centres	Strs	Tuesday	2.48	1.52	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = 1st quarter figures. † = Figures quoted in US cents.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

Name of Society	Product	Gross CAR	Gross	Net	Net CAR#	Interest Paid	Minimum Balance £	Access and other details
Alliance & Leicester	Bonus 90	7.85	7.85	5.89	5.89	Yrly	Tiered	7.65/7.35/7.05/5.30
	Tessa	7.85	7.85	-	-	Yrly	10	28 days notice/month loss ac
	Wides	6.25	6.25	4.69	4.69	Yrly	Tiered	5.50 £10K/5.90 £25K/6.25 £50K instant access
	Instant Access	5.05	5.05	3.79	3.79	Yrly	Tiered	4.65/4.55/4.40/4.25/0.50
Birmingham Midshires (0902 710710)	Guardian High Int	7.20	7.08	5.31	5.38	½Yrly	50,000	Instant access above £10K
	First Class Int	7.60	7.60	5.70	5.70	Yrly	100,000	Instant access no penalty
Bradford and Bingley	Maximiser Special Asset	5.50	5.50	4.13	4.13	Yrly	5,000	100 day notice. Monthly income
	Maximiser Special Asset	6.50	6.50	4.88	4.88	Yrly	10,000	5.25% gross, 6.35% gross, 6.75%
	Maximiser Special Asset	7.00	7.00	5.25	5.25	Yrly	20,000	gross, 7.00% gross
	Maximiser Special Asset	7.25	7.25	5.44	5.44	Yrly	40,000	
	Max High Rtn II Tessa	7.35	7.35	-	-	Yrly	9,000	7.35% Gross on specific feed.
Catholic (071-222 6736/7)	Jubilee Bond II	7.00			5.25	Mthly	30,001	90 Day £2K+ 6.75%/5.06% net.
Century (Edinburgh) (031 556 1711)	"A" Shares	8.00	8.00	6.00	6.00	Annually	100	Interest Rate Guaranteed to 31.12.93 (7.00% thereafter)
	Ordinary	5.576	-	-	4.167	½ Yrly	1	Instant Access. No Penalties
Cheltenham & Gloucester (0800 717505)	C&G Instant 7	7.10	7.10	5.32	5.32	Yrly	25,000	Instant, with 7 day loss of interest. Min. inv. £5000
	Best 90 (Closed Issue)	8.05	8.05	6.04	6.04	Yrly	100,000	Closed issue. £50k 7.8% £25k 7.55% £10k 7.05%
City & Metropolitan	Monthly Income	7.76	7.50	5.63	5.78	Monthly	£50,000	90 days ntf/pen. gtd. Rate to be not less than stated to 31.8.93 7.25% 10K, 7.50% 25K
Coventry (0203 252277)	90 Day	6.75	6.75	5.06	5.06	Yrly	40,000	90 days notice/penalty Tiered A/C. £25K-6.25%, £1K-5.90%
	Instant Option	6.10	6.10	4.57	4.57	Yrly	40,000	Instant access Tiered A/C £25K-5.60%, £10K-5.30%, £1K-4.60%
	Two Year Plus	7.25	7.25	5.43	5.43	Yrly	40,000	Tiered A/C £25K 6.75%, £1K 6.40%, £1 5.00% Monthly income option available on all accounts.
Halifax*	Premium Xtra	7.35	7.35	5.51	5.51	Yrly	100,000	Gross rates include 0.25% annual gross
	Premium Xtra	7.20	7.20	5.40	5.40	Yrly	50,000	bonus payable where no withdrawals
	Premium Xtra	6.90	6.90	5.18	5.18	Yrly	25,000	occur. One withdrawal up to £5,000 per mth where £10,000 remains.
	Premium Xtra	6.55	6.55	4.91	4.91	Yrly	10,000	Different interest rate apply to non-personal accounts (eg of co., club or charity accounts)
	Tessa	7.53	7.53	-	-	Yrly	50	5yr term incl 2 bonuses
Leeds & Holbeck (0532 459511)	Capital Bond	7.70	7.70	5.78	5.78	30 April	150,000	90 days notice/penalty. Monthly income option also available
	Tessa	7.85	7.85	-	-	31 Dec	1	No transfer restrictions or charge. Loyalty bonus ½% extra year 5
	Gold Access	5.70	5.70	4.28	4.28	31 Dec	£50,000	No notice no penalty
Leeds Permanent (0532 438181)	Bonus Gold	7.80	7.80	5.85	5.85	Annual	100,000	Includes an interest bonus of 0.50% £ p.a. provided no withdrawals
	Bonus Gold	7.57	7.57	5.68	5.68	Mthly	100,000	made during previous 12 month period. Tiered rates from £10,000.
	Liquid Gold	5.60	5.60	4.20	4.20	Annual	25,000	Instant access no penalty. Tiered interest rates from £25
	Solid Gold	6.50	6.50	4.88	4.88	Annual	50,000	Instant access, no penalty on sum of £10,000. Otherwise 90 days
	Solid Gold	6.31	6.31	4.73	4.73	Monthly	50,000	notice on 90 days loss of interest. Tiered interest rates from £500.
Marsden (0282 692821)	Rainbow 60	7.75	7.75	5.81	5.81	Annually	100,000	60 days notice
	Rainbow 60	7.25	7.25	5.44	5.44	Monthly	100,000	60 days notice
National & Provincial* (0800 446600)	Investment Reserve	6.20	6.20	4.65	4.65	Yrly	5,000	Annual Interest
		7.00	7.00	5.25	5.25	Yrly	10,000	option.
		7.60	7.60	5.70	5.70	Yrly	25,000	Rates include 1.5%
		7.85	7.85	5.88	5.88	Yrly	50,000	interest bonus for
		8.10	8.10	6.07	6.07	Yrly	100,000	no withdrawals
		8.25	8.25	6.18	6.18	Yrly	250,000	
Newcastle (091 232 6676)	Nova Plus Special	6.25	6.25	4.69	4.69	Annually	200,000	Instant Access
	Nova Plus	6.06	5.90	4.43	4.52	Mthly	50,000	Instant access. Tiered Account
	Nova Star (7th Issue)	7.25	7.25	5.44	5.44	Annually	5,000	15 month bond. Rate variable.
North of England (091 510 0049)	Edinburgh 30	7.50	7.50	5.63	5.63	Yrly	25,000	30 days notice/loss. Postal account. Lower rate
	Account	7.00	7.00	5.25	5.25	Yrly	10,000	available on £2500+ and for monthly income.
Northern Rock (091 285 7191)	90 Day Account	8.06	8.06	6.04	6.04	Yrly	50,000+	90 day notice. Rate
		7.60	7.60	5.70	5.70	Yrly	25,000+	includes 0.50% gross
		7.45	7.45	5.59	5.59	Yrly	10,000+	p.a. bonus if no
		7.25	7.25	5.44	5.44	Yrly	5,000+	withdrawals made in
		6.40	6.40	4.80	4.80	Yrly	2,500+	each full year
Portman (0202 292 444)	Prestige Cheque	6.00	6.00	4.87	4.87	Yrly	50,000	High interest cheque account.
	Instant Access	5.00	5.00	3.93	3.93	Yrly	500+	No notice, no penalty
Principality (0222 344188)	Super Six Account	8.15	8.15	6.11	6.11	Yrly	Tiered	Includes 0.25% bonus for no withdrawals
Scarborough (0723 368155)	Mindy 3	5.50	5.50	4.12	4.12	Annually	500	Monthly Option, 90-Day Notice, Instant Access/Penalty
	Keepsafe	9.00	9.00	6.75	6.75	Annually	15	Regular Saving, Monthly Investment £15-150, Instant Access
Skipton (0756 700511)	Sovereign Shares	6.40	6.40	4.80	4.80	Yrly	50,000	Instant access, no penalty.
		5.55	5.55	4.16	4.16	Yrly	25,000	
		5.10	5.10	3.83	3.83	Yrly	10,000	
Stroud and Swindon*	Tessa	7.50	7.50	-	-	Yrly	100	7 days notice. Monthly income available.
Woolwich (0800 400900)	Fixed Rate Bond	6.75	6.75	5.06	5.06	Yrly	25,000	2 years fixed rate. No withdrawals or closures.
		6.50	6.50	4.88	4.88	Yrly	5,000	Limited offer
	Investment Bond	8.00	8.00	6.00	6.00	Yrly	100,000	Monthly income available. Rates
		7.75	7.75	5.81	5.81	Yrly	50,000	variable. One instant withdrawal
		7.50	7.50	5.63	5.63	Yrly	25,000	up to £5000, others at
		7.00	7.00	5.25	5.25	Yrly	10,000	90 days notice or penalty.
Yorkshire (0274 734822)	Tessa Premier	7.25	7.25	-	-	Yrly	100	90 days notice of transfer
	Key 90 Plus	7.05	7.05	5.29	5.29	Yrly	100,000	90 days notice or loss of interest
	Key 90 Plus	6.90	6.90	5.18	5.18	Yrly	50,000	one immediate penalty free withdrawal subject to a
	Key 90 Plus	6.65	6.65	4.99	4.99	Yrly	25,000	maximum of £5000 each calendar year
	Key 90 Plus	6.25	6.25	4.69	4.69	Yrly	10,000	

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Insurers under fire

THE COMPANIES involved in the home insurance market came under attack from two directions this week.

A report in the Consumers' Association magazine *Which?* accused insurance companies of making consumers pay for their own past mistakes, while Direct Line, the telephone-based insurer, hit out at the huge amounts of commission earned by building societies for selling home insurance to their customers.

The Consumers' Association said increases in claim rates for theft had slowed, and subsidence claims had almost halved since 1991, but premiums continued to soar.

"The insurers' return to profit should benefit consumers and not the industry alone," the association said.

Its figures, based on premiums from five of the biggest insurers, show contents premiums more than doubling, and buildings insurance rising by about 60 per cent since 1987.

Figures from the Association of British Insurers also show substantial increases for buildings insurance, rising from an average of £108 in 1987 to £195 in 1993, while contents rose from an average of £71 to £114.

These statistics are from the government's family expenditure survey, which records how much families spend on insurance, including if they have swapped insurers or reduced the level of cover, rather than how much the price of identical policies has gone up.

Direct Line, which aims to increase its share of the household insurance market, attacked building societies for the amounts of commission they made from selling home contents and buildings insurance policies, and argued for legislation to protect the consumer.

"The status quo in this market is maintained by protective and punitive action taken by building societies and by a lack of competitive information from the industry," the company said.

According to its submission to the Office of Fair Trading, the average consumer will pay £3,000 in commission over the period he or she holds household insurance policies.

Most are unaware of how much money goes to the intermediary as commission. Up to 30 per cent of buildings premiums can be commission. Consumers are easy targets, preoccupied with moving house, Direct Line said. It called for disclosure of commission levels.

The report pointed out that while insurers had made consumers pay for rising claim levels, they had not seen the benefit of falling costs, such as house rebuilding costs, which have dropped 10 per cent during the last 18 months.

The company also criticised the building societies' practice of making mortgage offers conditional on customers buying household insurance from them, and discouraging them from changing insurers later by charging a fee.

The Building Societies Association's 1989 code of practice does not allow mortgages to be tied to the sale of insurance products, except for special packages, such as fixed rate or first time buyer mortgages.

The sale of such packages has taken off recently and now accounts for more than half of new lending. Most packages oblige borrowers to buy insurance products.

Some home insurance providers now use the quirks of the market as a sales ploy, offering new customers who were previously insured through their mortgage lenders a first year discount of about £25, equivalent to the "administration fee" charged for switching insurers by many building societies.

Direct Line said that existing legislation could remedy problems of commission disclosure and compulsory tie-ins, but it had not been implemented.

The Association of British Insurers dismissed Direct Line's submission as publicity seeking, seeing no need for legislation.

"It is perfectly acceptable for lenders to offer package deals to consumers; normally lenders are willing to do non-package deals as well – it is up to the consumer to choose."

The obligation to buy insurance as part of a package was generally made clear, the association said. Administration charges for switching buildings insurance were justified as lenders had a lot at risk, and had to check cover was adequate.

Bethan Hutton

Unit trusts

Newton reaps the PEP benefits

ROBERT SHELTON says he manages the Newton Income trust in a very conservative fashion. But that has not stopped the fund from being one of the best performing Personal Equity Plans on the market.

About half the fund's near £130m under management has come from Pep investors, and during the past year the trust's popularity with private investors has enabled it to treble in size.

The long term record of Newton Income is certainly impressive. The trust is top of the UK equity income sector over both the five and seven years to August 1 with growth of 105.4 per cent and 273.1 per cent respectively (offer-to-bid with income reinvested, source Hardwick Stafford Wright).

Over the three year period, it is 5th out of 106 funds and over two years, it is 7th out of 107.

In October 1992, this kind of consistent performance earned Newton Income a top AAA rating from Fund Research, the independent group which monitors unit and investment trusts.

Ironically, in view of the praise and the new money that has flowed into the trust, during the past year Newton Income has slipped down the relative rankings.

The trust is placed 65th out of 111 equity income funds over the year to August 1, although investors have still enjoyed growth of 27.1 per cent.

Shelton, who has run the fund since March 1986 (apart from a one year secondment to Newton's finance department), says that the trust was caught out by Black Wednesday, when sterling departed from the European Exchange Rate Mechanism.

"Over one 24 hour period" he says "we lost eight percentage points relative to the market." The Income fund, following its conservative precepts, was not invested in the highly cyclical stocks that benefited most from the post Black Wednesday rally.

The fund has remained cautious over the past year with a high weighting in bonds (which have performed very well over the last year, as inflation and interest rates have fallen).

Shelton says that the fund will generally outperform a static or falling market, but that it will tend to underperform a rapidly rising market.

The objective is to outperform the All-Share over a rolling three year period.

Newton follows a highly structured investment management style, with a strategy committee chaired by founder Stewart Newton, deciding on the important themes that the group will try to exploit.

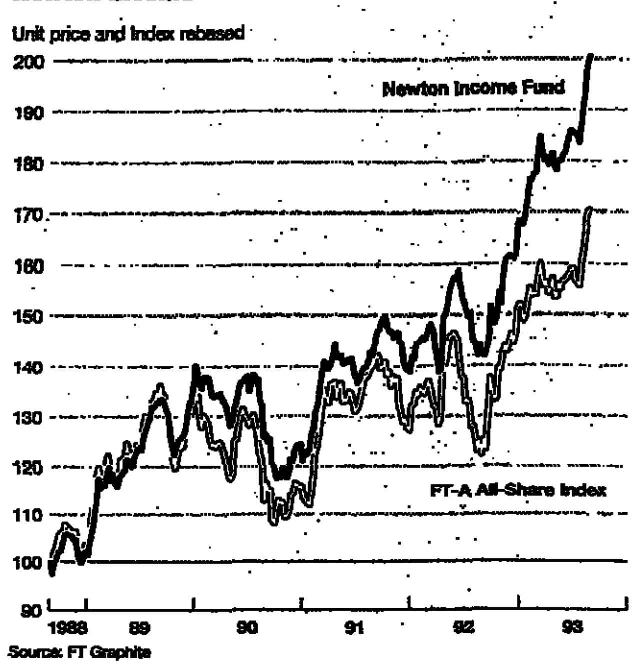
Added to this "top down" view are the "bottom up" stock selections of the company's 20 or so in-house analysts.

These views are condensed into three model portfolios, which are designed for Newton's pension fund clients.

Robert Shelton then selects from the portfolios those stocks which most closely meet the income fund's requirements.

However, he also buys other stocks which can exploit the "themes" highlighted by Newton's strategy committee; given the rapidly rising size of the fund, the portfolio now holds 100-120 stocks.

Newton Income



Source: FT Graphite

The Newton investment "themes" can be very general. The group has been concentrating on monitoring corporate cashflow during the recession, which has helped it avoid many of the problem stocks that have damaged the performance of other income funds.

A high weighting in utilities has also provided a boost to performance.

"We have been heavily invested in water and electricity stocks, although we have moved out of water in recent months" says Shelton. The fund has also taken advantage of its ability to hold a portion of its assets overseas and has, for example, a stake in the Italian telephone companies SIP/STET.

The 10 largest holdings in the portfolio at the moment are: gilts and bonds; Nat West; East Midlands Electricity; Hong Kong and Shanghai Bank; BAT; Unilever; TSB; Shell; BT; and British Gas.

Although the fund is in the equity income sector, Shelton says that yield is not the over-riding consideration when picking stocks.

"At no time will we sacrifice capital for income" he says, stressing that the ultimate aim is total return.

Another of Newton's investment themes is "communications" and Shelton accordingly owns a low-yielding stock such as Vodafone in the fund.

"We can balance the low yields on some of our stocks against the high yields we get on bonds" he explains.

The fund's distribution, which is paid quarterly, was cut in 1991, but this was due to the effect of the management charge being taken out of income, rather than capital. The current yield on the trust, after charges, is only 3.5 per cent. That is below the yield on the All-Share, although equity income funds are required to produce a yield which is 110 per cent of the index.

That has been a common problem with income funds since equity yields fell substantially and managements have taken their charges out of income. In theory, Newton Income would need to be reclassified unless its yield increases but the sector definition may yet be changed, given the widespread nature of the problem.

The Newton income is not really designed for those who want a high running yield. But most of its Pep investors currently reinvest their income and should, in theory, not worry whether their return comes in the form of income or capital gain, since both are tax-free.

They certainly ought to be satisfied with its long term growth so far.

■ **Charges.** The initial charge is 6 per cent (at the higher end of the unit trust charging scale); the annual charge is 1.25 per cent.

The current bid-offer spread is 6 per cent. The minimum investment is £1,000 or £100 per month via the savings scheme.

For the Personal Equity Plan, a monthly investor must put in a lump sum of £1,000 as well as the £100 per month.

Philip Coggan

Annuity Rates

THE TABLE shows level annuity rates for those with £100,000 to invest. Top three rates are shown for various ages. Rates are also quoted with and without spouse's benefit. RNPFN annuities are only for those in nursing and allied professions. Figures by the Annuity Bureau, Enterprise House, 59-65 Upper Ground, London SE1 9PQ. (071 620 4090).

ANNUITY RATES AS OF SEPTEMBER 1

Level annuity, no spouse's benefit			
Male age 60	Grs Annuity	Female age 55	Grs Annuity
1 Equitable Life	£10,629.96	RNPFN	£8,907.00
2 RNPFN	£10,601.00	Legal & General	£8,826.00
3 Legal & General	£10,326.00	Equitable Life	£8,817.00
Male age 65	Grs Annuity	Female age 60	Grs Annuity
1 RNPFN	£12,043.00	RNPFN	£9,626.00
2 Equitable Life	£11,865.00	Equitable Life	£9,447.00
3 Canada Life	£11,482.32	Legal & General	£9,346.00
Level annuity with 100 per cent spouse's benefit			
M age 55/F age 50	Grs Annuity	M age 60/F age 55	Grs Annuity
1 Legal & General	£8,116.00	Equitable Life	£8,397.96
2 Equitable Life	£8,058.96	Legal & General	£8,396.00
3 RNPFN	£7,977.00	RNPFN	£8,371.00
M age 65/F age 60	Grs Annuity	M age 70/F age 65	Grs Annuity
1 RNPFN	£8,951.00	RNPFN	£9,805.00
2 Equitable Life	£8,891.04	Equitable Life	£9,609.00
3 Legal & General	£8,796.00	Legal & General	£9,376.00

All payments are monthly in advance. Figures are based on annuities without a guarantee. Purchase price £100,000.

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Emerging markets

SCHRODERS HAS become the latest unit trust company to launch an emerging markets fund. The fund management group cites its worldwide network – it has offices in eight of the emerging markets – as giving it an edge in this increasingly fashionable area, *writes Philip Coggan.*

Emerging markets are found in Asia, Latin America and parts of Europe. They are attracting investor interest as their economies are growing faster than those of the developed world and they are starting to deregulate and to welcome foreign investors.

Fund manager Giles Neville says that the fund will use a combination of a "top down" and "bottom up" investment approach.

"In newly emerging markets, it's picking the country that counts" he says "but as the markets get more developed, stock picking becomes more important."

Schroders set up an offshore emerging markets fund in May 1992 and this was 19th (out of 167) funds in the international equity sector during the year to August 1, according to Hardwick Stafford Wright.

The initial charge will be 5.25 per cent and the annual charge 1.5 per cent. Investors who pre-register with Schroders will receive a 1 per cent discount. The minimum investment will be £1,000.

The popularity of emerging markets funds was illustrated this week when Mercury announced it had raised £40m in three weeks for its new unit trust, compared with its target of £20m. A 2 per cent discount is still on offer until September 17; the normal initial charge is 5.75 per cent and the annual charge 1.5 per cent. The minimum investment is £1,000, or £50 per month.

Kleinwort has attached a savings scheme to its emerging markets investment trust. The minimum investment will be £25 a month, £100 a quarter, or £250 a year; the dealing charge will be 0.5 per cent. The Kleinwort fund follows a strategy by which holdings in countries are reduced after markets have enjoyed substantial rises; and increased if they have suffered falls. Potential investors should note, however, that the trust shares stand at a small premium to net assets.

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To 1st September 1993 offer to bid with net income reinvested (Source: Micropal)

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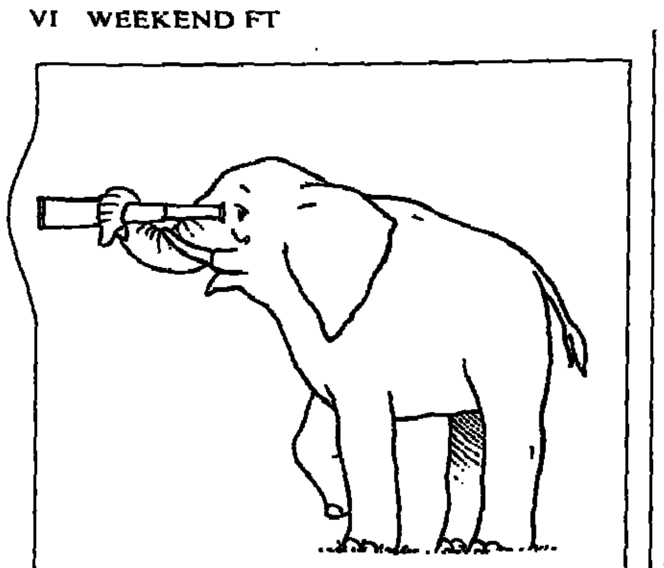

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FINANCE AND THE FAMILY

Briefcase Special

Why dividends may prove taxing

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

A more complex system of taxing dividends is explained by Maurice Parry-Wingfield

THE TAXATION of dividends was radically altered by Norman Lamont, the former chancellor, in his last Budget. For private investors in particular, the new system is much more difficult to understand than the one it replaced.

Unsurprisingly, the *Weekend FT's* Q&A Briefcase section has received a lot of questions on this topic in the last few months, including the rather strange interaction of income and capital gains tax. In this article, I try to explain the new provisions in basic terms so that readers will be able to work out their own situation from the principles involved.

Let us start by reminding ourselves of the basic tax rules. The first slice of income is covered by personal allowances (eg a single person's allowance of £3,445) and reliefs (eg for BES investment); the first taxable slice of £2,500 is taxed at the lower rate of 20 per cent; the next slice between £2,501 and £23,700 is taxed at the basic rate of 25 per cent; and anything over this is taxed at the higher rate of 40 per cent.

Capital gains add a certain amount of complication. In principle, however, once the gains of the year, net of losses, exceed the annual exemption of £5,800, they are taxed as though they were a top slice of income. Consequently, if your net gains, after deducting your annual exemption, come to £5,000 and your income, after deducting personal allowances and reliefs, comes to £20,000, then the first £3,700 of your gains are taxed at 25 per cent and the remaining £1,300 at 40 per cent.

After the Budget, however, the position is considerably more complicated. I will start with those of you who – perhaps as a spouse of a breadwinner – do not pay any tax or whose marginal tax rate is at the lower rate, and then move on to those who are basic rate and higher rate taxpayers. I will concentrate mainly on UK dividends as part of income.

I will also deal with the effect of realising capital gains (meaning, for simplicity, gains arrived at after deducting the annual exemption). It will be seen that the treatment of UK company dividends, together with the treatment of capital gains where there is insufficient non-dividend income to absorb the lower rate band, produces quirks.

The basic point is that a dividend from a UK company now carries a tax credit of 20/80. This means that a dividend of £80 from a UK company is grossed up to £100 and a credit of £20 is available for offset against the tax liability or, where appropriate, to be repaid. (Previously the rate of tax credit was 25/75 so that a dividend of £80 would be grossed up to about £107 and carry a tax credit of £27).

■ *Non-taxpayers*
If your income is fully covered by allowances and reliefs, an additional dividend of £80 will use up a further £100 of those allowances and reliefs and entitle you to a tax repayment of £20. Capital gains (ie, as mentioned, gains in excess of the annual exemption) will be taxed at 20 per cent, 25 per cent and 40 per cent, depending upon the amount.

■ *Lower rate taxpayers*
If you fall within this category, an additional dividend of £80, grossed up to £100, will be taxable at 20 per cent but fully covered by the tax credit of £20, so there will be no tax payable or repayable. Capital gains will be taxed at 20 per cent, and then at 25 per cent and 40 per cent if they are high enough.

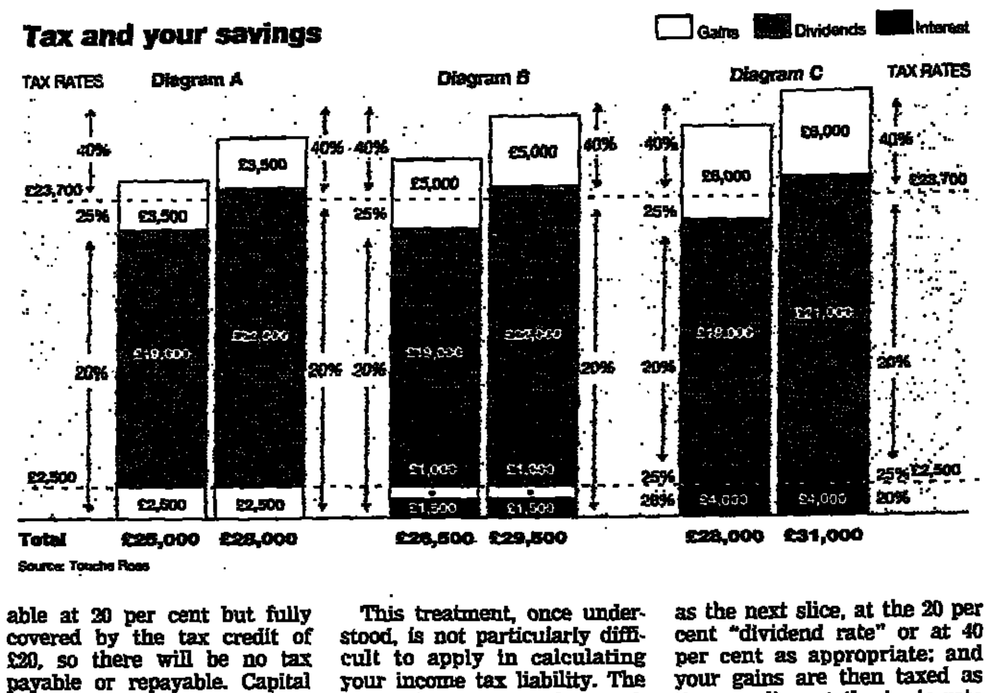
■ *Basic and higher rate taxpayers*
The fun starts where dividends, when added to other income, fall within the basic rate band. Here you might think that a dividend of £80, producing gross income of £100, would give you a net tax liability of £5 – ie tax at 25 per cent less a credit at 20 per cent. In fact you will have no liability because the legislation provides that, within the basic rate band, the rate of tax applying to dividends is only 20 per cent, not 25 per cent.

No doubt it was felt that the policy of reducing Revenue manpower would not be helped by making inspectors collect trivial liabilities on dividends.

This treatment, once understood, is not particularly difficult to apply in calculating your income tax liability. The real problem comes when capital gains are taken into account. The draftsman of the new tax rules had to decide at what rate to tax gains where dividends are taxed at the new "dividend rate" of 20 per cent. His solution is best explained by looking at the following four examples.

These show that dividends are taxed after other income, but where that other income falls short of the £2,500 lower rate limit, gains take up the remainder of the lower rate band so far as possible. This is a departure from the principle that gains are always taxed as though they are a top slice of income.

■ Example 1
You have enough income other than from dividends to absorb your lower rate band of £2,500. Here your dividends are taxed as the next slice, at the 20 per cent "dividend rate" or at 40 per cent as appropriate; and your gains are then taxed as the top slice, at the basic rate of 25 per cent or at 40 per cent as appropriate.



Source: Touche Ross

The tax tangle

Source	Cumulative total	Rate
Gains	up to £2,500	20%
Dividends		
Dividends	up to £23,700	20%
Gains		25%
Dividends	over £23,700	40%
Gains		

Source: Touche Ross

■ Example 2
Your income consists entirely of dividends. Here your income and gains are taxed in the sequence shown in the table. This is illustrated in columns 1 and 2 of diagram A, which shows how your income and gains are apportioned between the three rate bands in two situations. (In this and all other examples, it is assumed that you already have sufficient other income to absorb your personal allowances and reliefs).

■ Example 3
You have non-dividend income but it falls short of the lower rate limit. Here the position is the same as in example 2, except that the non-dividend income uses up the bottom slice of the lower rate band, so that more of your dividends and gains will be pushed into the other rate bands. This is illustrated in columns 1 and 2 of diagram B, which are identical to those of diagram A except that interest of £1,500 has been added.

■ Example 4
Your non-dividend income *exceeds* the lower rate limit. Here a different approach is taken. Your income and gains take you through the rate bands in the following sequence: non-dividend income, then dividend income, then gains. This is shown in columns 1 and 2 of diagram C.

For the technically minded, I should mention that the legislation which allocates income and gains to the rate bands provides that, for income tax purposes, the basic rate limit is reduced from £23,700 to the extent that capital gains use up any part of the lower rate bands. Since this does no more than ensure that gains taxed at the lower rate are included within the full basic rate limit, I have ignored it to be able to explain the new system clearly.

■ *Foreign dividends*
Finally, we have to consider the impact of foreign dividends. These are treated in much the same way as UK dividends – including the 20 per cent dividend rate where they fall within the basic rate band - subject to two exceptions.

The first is that there will normally be overseas withholding tax to credit against your UK tax, resulting in a reduction or even elimination of your UK liability. The second relates to those of you who are not domiciled in the UK. Your foreign dividends are taxed in the UK on the "remittance" basis, and accordingly the 20 per cent dividend rate does not apply – though it does, surprisingly, for Irish dividends.

■ *Conclusions*
These issues are important, for two reasons in particular. First, the tax treatment of dividends and gains is yet another example of the regrettable trend away from the Lawsonian simplification of the tax system of the late 1980s.

Anything which makes it more difficult for you to work out your own tax liability is retrograde. It causes unnecessary time and cost for you, your advisers and the Revenue.

Equally important, if you do not know your marginal rate of tax, you are not in a position to make informed investment decisions. Either you will make the wrong decisions, or you will play safe and put your funds into a bank or building society account.

Maurice Parry-Wingfield is a tax partner with Touche Ross & Co

News in Brief

GENERAL Portfolio Life Insurance has launched a Protected Equity Fund which will be available across its product range, including life insurance and pensions.

As with other guaranteed products, the fund will invest in cash and in options on the FT-SE 100 Index. The cash is designed to ensure that after three months, the unit price will have fallen by no more than 2.4 per cent; the options will capture, on past experience, around 72.4 per cent of the FT-SE 100 Index's rise. The FT-SE 100 Index does not account for dividend income from the underlying shares.

Charges will vary depending on the product to which the fund is attached. John Govett, which is managing the fund, takes 10 per cent per annum of any increase in the underlying assets.

□ □ □

A guaranteed product is also on offer from the National & Provincial Building Society. Guaranteed Equity Reserve IV allows the investor two options. Option A is 100 per cent of the rise in the FT-SE 100 index over five years (for basic rate taxpayers) or your money back. Top rate taxpayers will get 80 per cent of the rise in the FT-SE; non-taxpayers 133.33 per cent.

Option B gives the basic rate taxpayer 75 per cent of the Footsie's rise with a guaranteed minimum gain of 25 per cent. Top rate taxpayers will get 60 per cent of the index rise; non-taxpayers 100 per cent. In neither case, does the investor give any credit for the dividend yield on the index.

The minimum investment is £500. There are restrictions on withdrawals.

□ □ □

Abbey National is offering a range of fixed rate mortgages for house buyers. The longest deal is a fix of 7.99 per cent (APR 8.4 per cent) until the end of January 2000. There is a booking fee of £300 and a penalty of 210 days interest for early redemptions or capital repayments. The maximum loan is 95 per cent of the value of the house up to £125,000; 90 per cent over £125,000.

First time buyers can get 6.15 per cent (APR 6.5 per cent) until January 31, 1996, or 7.35 per cent (APR 7.9 per cent) until January 31, 1998. The booking fee is £90 in both cases; there is a 90-day interest redemption penalty on the shorter-term loan and an 150-day penalty on the longer term loan.

The Leeds has also launched a range of deals. Existing Leeds borrowers moving home can opt for a 6.99 per cent fix (APR 7.2 per cent) until November 1, 1996. The arrangement fee is £195 and redemption premiums are on a sliding scale from three months' to one month's interest. Alternatively, existing borrowers can opt for a 1.75 per cent discount off the variable rate (on loans of up to 90 per cent).

There is also a "lifetime" fixed-rate mortgage at 8.99 per cent (APR 9.7 per cent), which can range from between 10-25 years. The arrangement fee is 2 per cent of the loan, and there is a three month's early redemption premium.

First time buyers can opt for a 2 per cent discount off the variable rate in year one, or a two-year deal, at 5.99 per cent in year one, and 6.99 per cent in year two (APR 7.2 per cent).

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
				£10,000	7.00%	Yly
North of England BS	Edinburgh	091 510 0049	Postal	£25,000	7.10%	Yly
Bristol & West BS	Balmoral	0800 100117	Postal	£50,000	7.25%	Yly
NOTICE A/cs and BONDS						
Greenwich BS	Capital Shares	081 858 8212	30 Day	£10,000	7.10%	Yly
Scarborough BS	Scarb'gh Ninety 3	0723 368155	90 Day	£25,000	7.65%	Yly
Universal BS	High Income Bond	091 232 0973	1 Year	£50,000	8.35%A	Yly
Bristol & West BS	Limited EditionBd	0800 486487	31.1.95	£50,000	8.40%	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 398115	Postal	£5,000	6.45%	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 day	£25,000	7.55%	Mly
Bristol & West BS	Limited EditionBd	0800 486487	31.1.95	£25,000	7.81%	Mly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	7.73%B	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	5.85%	Yly
				£25,000	6.85%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.93%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Investmt	0534 608060	60 Day	£10,000	6.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.80%	Yly
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	6.70%E	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.65%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.25%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	5.65%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	6.10%	Yly
Consolidated Life FN		081 940 8343	5 Year	£2,000	6.25%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/c		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. *Fixed* = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. A = Rate guaranteed until 1.11.93. B = Rate guaranteed to be at least 2% above base rate (*Min 8%*) *until* 2.1.94 and then 1% abovebase until maturity. E = Rate guaranteed until 1.12.93. G = 6.5per cent on balances of £25,000 and over. H = 7.25 per cent for balances of £25,000 and over. I = 6.74% on balances of £20,000 and over. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
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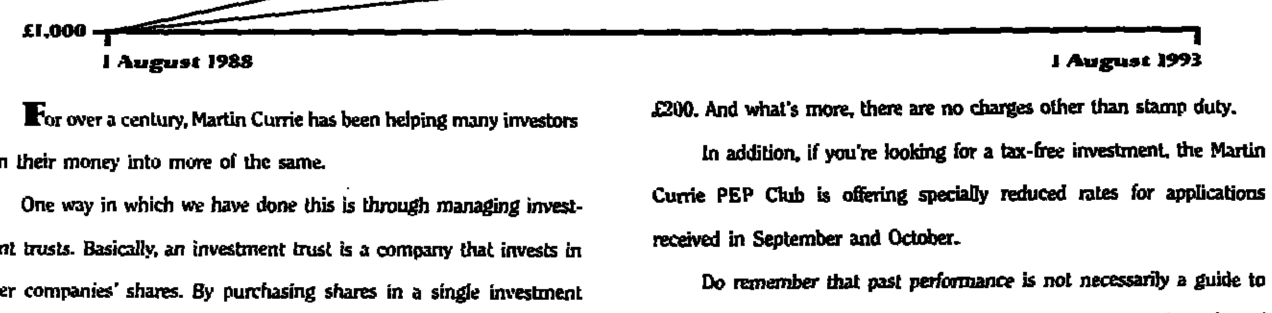

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When figures count

Jean Miles suggests some better ways to monitor price movements

EVERY Saturday morning, I spend 10 or 15 minutes typing between 50 and 60 share prices and *Financial Times* indices into the computer program which monitors our stock market portfolio. On quiet Saturdays, another five or 10 minutes are then devoted to looking at graphs and charts and ordering the portfolio in various ways. It is time spent pleasantly and, I think, usefully. I regard it as the investor's equivalent of talking to one's plants.

Undoubtedly, though, I am under-using the power of both the computer and the program. If I wanted to keep a daily record of price movements, or to monitor a greater number of shares, or to subject the graphs to the process known as technical analysis, typing the data would be too slow. There are other ways of doing the job.

Getting prices in to a portfolio program other than by typing is a two-stage process. First, you must get the prices from the outside world into your computer. After that, you must spoon them into your portfolio program.

If you know your way around computers, you might be able to do the spooning yourself. If, on the other hand, you would rather try translating Plato into Chinese without loss of nuance than write batch files or configuring data, you must use the links provided by your own particular portfolio management program.

The necessary software to connect the program to the data source could prove to be an extra expense in what is going to be a fairly pricey business, anyway. And not all portfolio programs can accept automatic price updates. So, if you have not yet put your portfolio on computer, and you think you might want to go automatic one day, ask sharp questions before you buy a program.

This whole subject, in fact, is one that calls for sharp questions. If things are going to go wrong in computing, the frontiers where information is passed from machine to machine, or from program to program, are the most likely trouble spots. Be sure you know exactly what you are signing up for, and what the supplier will do if things do not work as you expect.

For automatic price updates there are, essentially, three roads you might go down, each with advantages and disadvantages. You could connect your computer to the telephone lines via a modem and dial up the prices you want. Or you could instal a card enabling your computer to receive teletext. Or you could subscribe to a data service which will send you a disk, weekly or less often.

The professionals use a telephone connection. The cost is usually high, as much as several hundred pounds a quarter, but the information is correspondingly good. The high cost is not due entirely to the rapacity of the suppliers of price data: the stock exchange holds the copyright on share prices and levies charges on anyone who distributes them.

To use the telephone lines, you need first to equip your computer with a modem. In a few years, every personal computer will come with a facsimile/modem. For now, it is an optional extra.

A modem might take the form either of a card to be inserted in the entrails of your computer, or a small box which sits beside it. In either case, it plugs into a telephone socket.

Once you have a modem, you will need to pay a subscription to the company which provides your share price data and, of course, pay for the use of the telephone line just as if you had made a voice call or sent a fax.

The Rolls-Royce solution is a subscription to British Telecom's CitiService (BT claims that the majority of subscribers are private investors). I saw this service demonstrated and it is wonderful. It opens the door to the full Stock Exchange Automated Quotation system (SEAQ) for equities, gilts, and London-listed overseas securities; and to Extel Financial, for unit trusts and insurance funds. You can also have futures and options, exchange rates and financial news.

You can sit there and watch your screen while it all happens, just like the movies. You can use the Portfolio Manager feature to have your own portfolio updated continuously, showing percentage gains or losses for everything in it. You can even deal directly from your computer, via ShareLink. (And you might be reassured to know that the first thing the ShareLink computer does when it receives your order is to print it out on good, old-fashioned paper).

The great advantage of a CitiService subscription is that it covers the entire stock exchange. If you do not pile on the optional extras and can restrict your use of the system to three or four minutes a day, the cost could be less than £200 a quarter. If I were a college bursar or trustee of a wealthy charity, I would insist on nothing less.

As another option, there are several companies, including CitiService again and the *FT's* own Finstat, which allow users to make one brief daily call via a modem to down-load (as we say) information. These services are cheaper, but they are still out of the reach of many private investors.

I list several suppliers at the end of this article: if you are interested, compare prices carefully. The deciding factor could prove to be the shares which constitute the "package" you are offered.

The other possibilities for automatic price updates, teletext and data disks, are cheaper still and, on the whole, simpler. They are popular with many investors. I will return to the subject in another article.

■ *CitiService: Network House, Brindley Way, Hemel Hempstead, Herts HP3 9RR. Tel. 0442-237 000.*

■ *Finstat: 3rd Floor, Number One Southwark Bridge, London SE1 9HL. Tel. 071-873 4613; fax 071-873 4610.*

■ *Investment Data Services Ltd: Telephone. 061-474 0080' fax 061-429 0279.*

■ *Market Origin: Tel. 0734-572 636; fax 0734-568 778.*

Chris Boxall and sign . . . "it was a terrible time to set up such a business"

Not yet provided

Signs of the tee-times

AN ENTREPRENEUR might harbour a sparkling idea for a new venture – but good timing is indispensable if he seeks an easy ride into company ownership. Ask Chris Boxall. "We think we have got the product right," he says, "but what has gone wrong is the time it has taken to get everything organised and the fact that it was a terrible time to set up such a business."

Boxall, a 29-year-old chartered accountant with no interest in remaining a professional bean counter, nurtured one of those ideas which spawns a little niche enterprise. Since setting up CB Designs less than three years ago, he has supplied more than 50 golf clubs with aluminium and stone signs, from big entrance notices to individual tee markers which note the hole number, par, yardage and recommended difficulty (stroke index). The little company based in Rickmansworth, Hertfordshire, has just secured its largest contract – £30,000 for a series of granite boulders, on which maps of each hole are etched, for the championship course at Valderrama, Spain.

On the face of it, CB Designs teed-off smoothly, raising sales from £30,000 in its first year (to April 1992) to £100,000 last year and £91,000 in the first four months of this year. But Boxall found more hazards than he expected and admits: "I've learnt a lot of lessons."

The company had difficulties with agents and distributors who either took no interest in selling the signs or tried to snatch his ideas and set up in competition. It took longer than expected to get the right quality of designs while the recession also wrecked this year's performance projections – which bunkered the company's aim to shift most of its sales and profits this year from direct marketing of signs to "sponsorship." This involves offering signs to golf clubs at a very low cost but then taking all the revenue from the advertising on these sponsored plaques. Fortunately, direct sales, expected to be £100,000 for all of this year, are totalling £77,000 in the first third.

Profits are hard to come by in the early years of a small business. CB lost £15,000 in its first year and barely broke even last year. Boxall says it will generate profit this year and he will be able to extract his first salary.

He was working in France late in the late 1980s when the germ of an idea for golf signs struck him. "I thought it was a very good market served by some very shoddy products," he says. He tried taking a shot in France but failed. "I found a distributor who already sold golf equipment. I think the guy somehow took it up to keep me out of the market. He didn't do anything to sell the signs."

Deciding the UK, with its large potential market of 2,500 golf clubs, was a better prospect, Boxall raised £20,000 from his family and set up in Hertfordshire. He has since added an overdraft facility of £40,000 from a bank.

From the start, the company was handicapped by failing to offer competitive signs. Switching sub-contractors cured this, Boxall says. More than 70 per cent of sales are generated from aluminium plaques. The clubs send details of its holes and crests and an outside pattern-maker produces a wooden mock-up from which a mould is taken. A local foundry produces the castings and painting is done by hand. Stone signs are etched by sand-blasting.

Large aluminium signs sell for about £200 and stones run from £85 to about £1,000. "The ideal is to get an order for a large sign at each hole and for smaller plaques for each of the three tees at each hole – for competition, men and women," Boxall says. Direct manufacturing accounts for about 50 per cent of total business costs.

The company's information bible is the Royal and Ancient Golfer's Handbook, which contains details of all the UK's golf clubs. This information has been fed into CB's own computer base and Boxall claims that direct approaches by letter, advertising in golf and greenkeepers' magazines (at a cost of £4,500 last year) and exhibitions (£4,000) ensures that someone in authority at every golf club knows of its designs. "Japanese-owned courses have been particularly good for us," he adds. "They have the money and they appreciate quality." Courses with CB signs include the East Sussex National, St Andrews, the Oxfordshire, Forest of Arden, and the Emirates club in Dubai.

Market penetration, though, amounts to only 5 per cent of golf clubs. Boxall blames this partly on competition from other sign-makers, golf club conservatism and the recession, which sliced into club incomes. He concedes, though, that he has occasionally found himself in the rough through faulty stroke play.

A family friend, made an agent for Scotland, attempted to go into competition using CB's own sign styles. Then, Boxall employed an extra salesman who cost more than he generated. A system of agents set up to locate companies willing to advertise on sponsored signs proved difficult to run. And the contract for sponsored signs was drafted incompetently.

"We supplied some clubs with signs without getting sponsorship. For the Cosby course in Leicestershire, only two of the 18 signs attracted sponsorship. We've had to write-off the cost of that." Indeed, the company has recorded a loss of £7,000 on sponsored signs so far this year but Boxall says the aim is to make a gross profit of 40 per cent and 12 per cent net.

CB Designs offers signs for homes, too, and Boxall hopes contacts made on the golf course will generate other commercial work. So far, the company has pitched for just one of these, securing a contract to supply an insurance company.

Boxall has his fingers crossed that a new idea will bear fruit. St Andrews is thinking of selling, in its club shop, miniature tee plaques of the Old Course holes. CB Designs would be able to supply the hardware for such mantlepiece nostalgia.

■ *CB Designs, 33 Station Road, Rickmansworth, Herts WD3 1QP. Tel: 0923-897 160.*

Nick Garnett

Just forget the llamas . . .

*The image of Bolivian sweaters has been turned upside down by a venture employing all the latest techniques, reports **Christina Lamb** in La Paz*

THINK OF Bolivian sweaters and you probably picture scratchy, oatmeal-coloured creations with little brown llamas jumping across - the kind of street market garment favoured by students and hippies in the belief they are helping to keep Andean peasants off the breadline. But an American couple has found that combining soft alpaca wool, ethnic designs and techniques with modern colour dyes, styles and general know-how can result in highly individual products sold profitably in boutiques and leading stores world-wide.

Laurie Adelson, a specialist in Tibetan weaving, and Arthur Tracht, a Latin American historian, met in Bolivia while researching weaving techniques of the Aymara Indians - one of the few pre-Columbian native art forms to have survived almost intact the 16th century Spanish invasion and which, to this day, can be seen on the streets of La Paz. After writing a book for the Smithsonian Institute, they decided to do something "contemporary and productive" with their amassed knowledge.

The result was Millma, an up-market alpaca knitwear company specialising in ethnic design with not a llama or snowflake in sight. In 1983, they joined with two friends – neither of whom had any business experience - to buy a shop in a La Paz hotel for $24,000. They then began contracting out work to local knitters and weavers. Ten years on, annual sales surpass $1.3m.

It has not been easy doing business in South America's poorest country, though. In their second year, inflation hit 24,000 per cent – which meant money to pay bills and salaries had to be carried in suitcases or wheelbarrows – and frequent transport strikes held up deliveries. Moreover, order dates have little meaning in this part of the world. "If something is ordered for June 5 and it arrives in July, that's considered good service," says Adelson, ruefully.

Although labour costs were low, so was quality. After a year of getting sweaters with one arm longer than the other or one shoulder higher, they decided the only answer was to keep a constant eye on the work force. Tracht and Adelson bought out their partners and rented space in an old colonial house where they installed three hand looms and three manual knitting machines, sharing a desk because there was no more money.

For the first year, they contracted a specialist in knitwear construction to show them how to make sweaters. Then, they hired a New York designer to translate their ideas into knitwear. Tracht explains: "There were a lot of sweaters in the market and we couldn't compete on price. We had to offer something different in terms of design and quality and, for that, we needed professional help."

Initially, they dyed their wool using plant, insect and mineral dyes such as cochineal and indigo. But, as sales began to take off, they were unable to get sufficient supplies, while customers were not willing to pay the extra cost. So, they turned to chemical dyes, which offer a far wider range for their bold, geometric designs.

From the start, there was a lot of interest in Millma sweaters, but expansion was hindered by the need to train staff and the difficulties of raising finance in Bolivia. Tracht says: "We had no contacts and had to beg banks to get a one-year loan at 30 per cent interest with 90 days to pay, so we decided to be self-financing and grow at a natural rate."

They have now acquired a factory – formerly a plant for making light bulbs – which illustrates the combination of first and third world which characterises Millma. Adelson and Tracht work upstairs from offices of stripped pine and comfortable white sofas with a large window overlooking the shop floor.

Down below, row upon row of women – in traditional dress of multi-layered skirts, brightly embroidered shawls and bowler hats – beaver over knitting machines, stopping every few rows to manipulate the shape, colours or pattern.

Each sweater consist of many pieces which are ironed, measured and then sewn together, stitch by stitch, so there are no unsightly lumps or seams. The remaining jumble of loose threads is then sewn in.

Millma's work force is almost entirely female, even the security guard. This is unusual in Bolivia, where labour laws require that women work fewer hours per week than men for the same wage. But Adelson says: "We find they are better workers and they really need the work." The company now has 170 women and 15 men on site and another 150 working from home.

The production process is complicated; each sweater takes up to 24 man-hours. And, at more than $100 a time, the retail price is not cheap. But output has risen from 500 in the initial years to 18,000.

Around 90 per cent of production is exported – about half to Europe, where the sweaters sell in the French Facconable chain and the German Pro-idee catalogue, and half to the US, where a major client is the Nordstrom department store group. They are also starting to break into Canada and Japan.

Tracht believes the key to their success is the hands-on nature of the business and the focus on design. "We are constantly evolving and incorporating new ideas from paintings, wallpapers and Bauhaus textiles, and we don't look at the bottom line too much."

While Millma's production is small compared with better known knitwear companies, returns are good and sales are expected to top $1.5m this year. "We've found our niche," says Adelson, adding: "We never envisaged anything like this. We just wanted to communicate our love of textiles."

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The unsung king of soap opera

Never heard of Reg Grundy? Oh yes you have, says ***Raymond Snoddy***

REG GRUNDY, an Australian with a neat grey moustache who has just celebrated his 70th birthday, would not stand out in a crowd. He last did a newspaper interview 11 years ago and hardly ever appears on television these days if he can avoid it.

His name, however, is hardly ever off television screens around the world. It should be well known to anyone who ever watches soaps, game shows and mini-drama series – as long as their attention span includes the rolling credits which end with the large initials "RG."

Reg Grundy is remarkable for his ordinariness – except for his collection of Australian art, his enormous ocean-going yacht, his house in Bermuda, his flat overlooking London's Hyde Park and the fact that he is the man behind soaps (serial dramas, as he prefers to call them), like *Neighbours* and *Cell Block H*, and game-shows such as *Going For Gold* or *Celebrity Squares*.

Then there is the sharp business brain that has created one of the largest independent production empires in the world. In fact Grundy was an independent producer decades before anyone thought of the term.

"In 35 years in Australian television there never has been a moment when you couldn't see Grundy shows", says Reg, who long ago broke out of the Australian market and invaded New Zealand, Hong Kong and the UK, and is entrenched in France and Germany.

He has taken "coals to Newcastle" by updating old American game-shows such as *Sale Of The Century* and selling them back to NBC. Now Reg is taking on a similar challenge by trying to export novellas to South America.

Grundy Worldwide, the master company based in Bermuda, controls 16 Grundy production companies around the world and makes between 40 and 50 hours of television a week. Rather than just licensing the formats, Grundy usually remakes programmes using the nationals of the country involved – "taking the kangaroos and kookaburras out" is how he puts it.

But ask Reg what the revenues of Grundy Worldwide are, or how much he is worth, and the answer is the equivalent of a game-show format he owns, *I Got A Secret*. Given the number of hours of television that Grundy produces it is likely that annual turnover is more than £100m, and as Reg owns 85 per cent of the private company it is clear that not all the glittering prizes are given away to the game-show contestants.

"He's a businessman who makes television by the yard," says William G Stewart, an admirer who produces and presents his own game-show on Channel 4, *Fifteen To One*.

Reg Grundy's first steps towards being a multi-millionaire were taken in Sydney where, in pre-television days, he desperately wanted to get into radio. He succeeded, and in 1947 covered the cattle and pig prices at the Royal Easter Show for Radio 2GZ. Then he became a sports commentator for Radio 2SM; he covered rugby league games, even though he barely knew the rules, and reported boxing matches, including a world title fight with the help of a *How To Box* book.

His breakthrough came as a result of a radio quiz programme he presented 20 hours a week called *The Wheel of Fortune*, a game not related to the present television show. He operated the wheel and had to relay the replies of the contestants himself because in those days broadcasting the other end of the conversation was forbidden in case someone said something untoward live on air.

Reg resigned – "15 seconds before I was fired" – for offering unsought advice to the owners on how their radio station should really be run. Unemployed, he approached Ken G Hall, an early power-broker of Australian television, and suggested turning the quiz into a TV programme.

"I was the producer, the host, wrote the questions, got the prizes and brought them in a station wagon. I didn't know what I was doing. I didn't know I was packaging programmes as an independent," says Reg. He became a businessman when he offered a second show to Australian television and found someone else to present it.

One of the greatest influences on Reg Grundy was another Reg – Reg Watson, a fellow Australian who had written British soaps such as *Crossroads*. "His contribution to my company cannot be measured," says Reg. Watson had the idea that you could make a drama out of ordinary people's lives; if there was a villain, it was life itself. In July they shot the 2,000th episode of *Neighbours*.

"It started slowly but it sent out an invisible signal to people out there to come and watch me and they did," says Reg who believes that one of the reasons why it is such a success with teenagers is that children and parents talk to each other in *Neighbours* and work out their difficulties and misunderstandings together.

"Happy endings are important, aren't they?" says Reg. Reg Watson also created *Cell Block H* about life in an Australian women's prison. No less than 684 hours ran in prime-time in Australia and elsewhere.

The Grundy method of producing soaps or serial drama – he believes soaps are slow-moving whereas serial dramas are much sharper, with higher scene counts and more humour – involves almost industrial-scale production. Enormous pre-planning and long runs means that five half-hours a week can be turned out at £40,000 a time.

Ask Reg Grundy why the BBC's latest turkey, *Eldorado*, failed and he points to basic flaws. It should never have been called that in the first place and there had to be real doubts whether viewers would be interested in the lives of expatriates in Spain.

"*Neighbours, Coronation Street* – these people have to earn their living every day. I can understand the BBC not staying with *Eldorado*. I don't think the whole concept was appealing to the audience," says Reg.

He talks warmly about popular drama but gets animated about the arcane art of devising game-shows that work and appeal to the audience. "To create a game-show with enduring qualities is the hardest thing I know in the business. It's not that hard really to create a drama."

Altogether Grundy says he has produced more than 90 games around the world; some of them, more than 10 years old, are being recycled on American cable. Grundy is not a clown desperate to play Hamlet: he intends to stick firmly to the sort of television he knows best.

A gently-mannered man, Grundy come closest to passion when talking about broadcasters who try to impose their taste on the public and by implication look down their noses at the sort of programmes he offers. "Life's tough enough for most people. They don't need being told what they should watch and what they should do," says Reg.

He controls his empire from his base in Bermuda. Apart from the tax advantages it is only 100 minutes by air to New York. In Bermuda he has his own beach. He lives there with his second wife, who is much more famous than him. As Joy Chambers Grundy she appears from time-to-time in *Neighbours* as the character Rosemary Daniels. She has just published her first novel, *Mayfield*.

For Reg Grundy, creator of serial dramas and game-shows and recently fêted in Australia for his services to television, it all sounds suspiciously like a happy ending. "I hope I haven't come to the ending yet," says Reg, who plans to take his programmes to lots more countries where long runs, cost-effective production and ratings are important.

In recent years the bankers have started offering Reg his own pot of gold for Grundy Worldwide. Maybe one day he will sell, he says, reaching a little self-consciously for the title of another famous game show, not one of his own: "If the price is right."

An insider looking out

Elon Salmon, a refugee from London, adjusts to country life

COTHERSTONE is one of those villages in the north of England that postcard photographers favour, and guidebooks tend to describe as "quintessentially English." The fast-flowing River Tees marks the village's northern boundary.

To the south and west there are the moors – wild, vast and dotted with isolated farmsteads. Barely five miles to the east is Barnard Castle, a charming market town.

A refugee from London, I came to Cotherstone three years ago. I liked it so much that I made a vow: no more wandering. From here it is straight to the crematorium, when the time comes. I re-affirm the vow on my frequent walks, when I am moved by the rural beauty.

A friend had warned me that villages were clannish and gossipy. To my relief, I found Cotherstone to be neither. From early time the village has provided a point of contact for the hill sheep farmers of the dales, artisans, traders and professional people who have migrated there in increasing numbers. As a result, evolving social heterogeneity probably accounts for Cotherstone's welcoming character.

My own roots have been pulled out as many times as there are decades in my life. Yet here I feel at home as much as I am capable of feeling at home anywhere. It pleases me that a letter, however imperfectly addressed, would reach me so long as "Cotherstone" was legible on the envelope. I enjoy being greeted with familiarity as I walk through the village. My ego is pleasantly massaged by the thought that I am on chatting terms with farmers on the village's outskirts.

On a summer evening the village looks its best: haystacks in the fields, children playing, a mare grazing with her foal in a meadow. In the near distance, the spire of St Cuthbert's church pokes the sky.

I see a neighbour approaching with his dog, someone I had assumed was a native villager. But no, he tells me he is an incomer. "I've lived here for over 20 years and I'm still considered an outsider," he says. I recall an earlier chat with a woman who could boast of local antecedence from the beginning of recorded time. She had made a point of distinguishing herself from "outsiders." Were they trying to tell me something?

The question of identity has become blurred at village level, no less than nationally. "Quintessentially English" is now more evocative than descriptive. Like Britain as a whole, villages have changed; in many, outsiders often outnumber insiders.

My own credentials are modest but sound: I came down to the village from the high fell of Baldersdale where I lived through two annual cycles of sheep farming. I made friends among the farmers of the dale. Such credit as I have earned filtered ahead of my arrival in the village.

The late William Golding, to my mind the greatest and most English novelist of our time, wrote in an essay about Wiltshire: "To be English – and more specifically, Wiltshire – is to speak English and be used to English ways, nothing more."

English ways? A very amiable gentleman-farmer whom I have befriended once took me for an afternoon of rough shooting on his land. I missed a rabbit. Fortunately, so did he. A ferret he brought along wandered off, heading for the brush. "Elon", he called, "get that ferret, will you." The nasty creature lunged, missing my hand by a whisker.

The farmer invited me to a dinner party. I parked my X-registration banger where I should not have; I brought a bottle of wine, an unstylish, misplaced gesture (not the right wine at that); I wore an unsuitable suit because it was the only one I had; and, after afters, I nearly tailed off with the ladies when I was meant to stay behind with the men to smoke and discuss the state of the world.

Not so long ago, the wisdom of the countryside had it that if you saw BMW, Mercedes or Jaguar cars lining the village green, it meant that the true village character was dying. Like many villages in the area, Cotherstone can field a modest motley of luxury vehicles. But, far from malignant, the phenomenon simply underscores the on-going change in British rural life.

I keep wondering by whom would my outsider neighbour of 20 years' probation, who presumably owns an up-market car, be considered an incomer when a good many of Cotherstone's present inhabitants have not lived here for nearly that long.

By what authority are the boundaries of the "outside" determined? Who will measure the pupation period it takes for an outsider to become an insider?

In so far as these questions have significance, they surely touch upon the complex and universal business of assimilation – which, as Golding suggests, comes down to a voluntary act of will and individual temperament. In this spirit I would happily submit to learning Cotherstone's ways: some of them, anyway.

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Summer Rites/**Nigel Spivey**

A very British ordeal

IT IS better to marry than to burn, as St Paul says. But it is worse to marry and roast at the same time. At my own wedding, of fairly recent memory, temperatures outside the morning suits were spectacularly high. Perspiration levels inside the morning suits were downright unsightly.

Those of us who had crafted long and witty speeches watched helpless as many in the audience melted away and threw themselves into a nearby swimming-pool. Later my wife, wringing out her sodden raw silk drapery, assured me that all was as it should be. According to her, the ceremony had to have something of the fiery ordeal about it: a test of body and spirit, from which we should emerge stronger.

She is right. Marriage as an institution may be getting statistically evanescent, but weddings are still taken seriously. And by choosing to pitch the ceremony at the height of summer, couples are compounding the chances of making it a serious test.

I have noted various strategies for building unpleasantness into the structure of a wedding. The first and most obvious is to hire a professional photographer. Usually a slovenly chap in shirt-sleeves, for no extra charge he will load his pockets with keys and small change so that he makes a substantial jangle as he bustles about at the altar, dictating proceedings far more authoritatively than the Book of Prayer.

He will do everything possible to embody that truism which Susan Sontag so neatly states in her essay, *On Photography*: "Having an experience becomes identical with taking a photograph of it."

As the cameras click and click, the coronation chicken nestles patiently at the reception. I am not sure for whose coronation this odious sauce of curried mayonnaise was created, but I wish it had abdicated from the realm of the British buffet. There must be an 80 per cent chance of having it at a summer wedding – along with a glass of some frothy potation stinking of the hedgerow. Drink it to the dregs. It is part of the test.

The most subtle contribution to a difficult rite of passage comes from the church itself. Many couples fondly suppose that they can fix up a picturesque ceremony in the same little village church – Saxon tower, yew trees, a lych-gate embroidered with roses – where the bride's mother took communion one Easter in the late 1950s.

They can, of course. But the local vicar knows transient custom when he sees it, and knows that God is not mocked by the photo opportunities of a florally enhanced lych-gate. So he exacts a sort of vengeance.

He may arrange for bells to peal during the vows. He may pause over-significantly when he asks if anyone knows why these two may not be legally joined together. He may lengthen his usual homily on the sanctity of human relationships into a tirade against the prevailing rates of divorce and fornication.

The finest clerical revenge I ever witnessed, however, came from a Jersey priest. He had evidently decided that if he was going to surrender a pleasant summer's Saturday, he would do it in a grand way. He turned up staggeringly drunk, and so garbled the institution of marriage that most of the congregation came away doubtful if the couple at the front were indeed bound by wedlock.

A final note. Just in case anyone has managed to get through the ceremony lightly, and is licking his lips at the prospect of champagne not made out of elderflowers, there is a niggling hurdle to be raised. Make all the guests queue up to shake hands with the bridal contingent. If prolonged, this can generate a really effective, utterly unforgettable experience of pain and peevishness.

Despatches/**James Geary**

A dictator's legacy

THE FIRST things that catch the visitor's eye during the 45-minute drive from Albania's Rinas Airport to Tirana, the capital, are the countless pillboxes scattered haphazardly across the countryside.

Intended to defend Albania against invasion from the west, these domed concrete bunkers now serve as children's playgrounds. Strewn everywhere, the bunkers represent one of the perverse legacies of Albania's former dictator, Enver Hohxa.

The communist party exercised absolute control over every aspect of life and backed its policies with the clout of the Sigurimi, the secret police. Hohxa ruthlessly cut his country off from all contact with the outside world. As a result, Albania retreated to the furthermost corner of Europe's collective unconscious – where it has remained.

Just 50 miles across the Adriatic Sea from Italy, Albania is, after Norway, Europe's most mountainous country. Its landscape is stark, imposing, raw, uncanny. The rugged coastline that fringes the Adriatic, from Durres in the north to Vlora in the south, is breathtakingly beautiful. Still largely wild and undeveloped, Albania supports a population of some 3.3m, almost two-thirds of whom live in remote mountain villages where blood feuds and bartered brides are still the norm.

With the economy a shambles and war still raging next door in former Yugoslavia, Albania is unlikely to become a popular tourist spot any time soon, despite its natural splendour. Roaming the broad, dusty avenues of downtown Tirana, it was easy to see why.

Everywhere, I was confronted by graphic reminders of how Albania has fallen into disuse. Without exception, all the city's buildings are dilapidated; electricity and water supplies are interrupted daily, and donkey carts are still as numerous as cars on Tirana's streets. I was told of one rural hospital that had only a single light bulb, passed around as necessary, for a total of eight rooms.

Armed with an Albanian-English-German phrase book, I ventured into one of Tirana's nondescript book shops, keen to discover what foreign literature had infiltrated the country since democratisation. Two of the authors whose names were legible to me included Stefan Zweig and Graham Greene. Dashiell Hammett was also generously represented.

However, all these books had been printed before the country's Quiet Revolution in 1991, so that each bore the imprint of the censor. Out of curiosity, I asked the girl behind the counter for a translation of James Joyce's *Ulysses*. In a mixture of Albanian and broken English, she told me that a translation of *Ulysses* did not yet exist and that, formerly, even mentioning Joyce's name was liable to incur a minimum sentence of three years' clink.

She then ducked into a back room and reappeared waving a book with "Enver Hohxa" embossed in gold on the cover. "Hohxa, Hohxa," she sneered, then tossed the book onto a pile of old newspapers in disgust.

The next day I hired a driver to take me to Elbasan, about 90 minutes south of Tirana over treacherous mountain roads. As we negotiated astounding curves with seeming unconcern, I tried to focus on the gorgeous panorama: a phalanx of jagged peaks stretching to the distance. As we descended the mountain, I saw the city of Elbasan sprawled below.

Elbasan seemed to have tumbled down the mountainside and come to rest randomly. Its main thoroughfare, deeply worn and rutted, was flanked by a string of ramshackle huts from which everything from ice-cream cones to panty hose was sold. This part of Albania was once its industrial heartland. But, like everything else, the mining industry had slowly ground to a halt because of lack of equipment and materials. All that remains is the vast, decrepit hulk of an abandoned factory and a few cows grazing among the ruins.

Back in Tirana, I heard of another aspect of Albanian patriotism. Over several glasses of raki, Marion Sahatči, my host in the city, told me how every Albanian was forced to become a master electrician. "Before 1991, it was strictly forbidden to receive foreign television broadcasts," he said, proudly displaying the confused jumble of wires that enabled him to receive, illegally, Italian TV transmissions. "But television was our only contact with the outside world. We watched communism fall in Romania on Italian TV and knew that the same thing was going to happen here. We just didn't know when."

After all religious institutions were closed in 1967, Hohxa often boasted that he had created the first true atheistic state. But on the afternoon of my departure I heard the muezzin's call to prayer resounding once again from Tirana's mosque.

TRAVEL


By ferry from Carriacou — James Henderson

Hopping about in the sun

James Henderson with a sophisticate's guide to inter-island Caribbean travel

IT WAS A bouncy landing. A difficult one, granted, but bouncy, and in a 19-seater that can be a bit alarming. Still, if the aircraft and passengers shuddered a little, the pilot was unfazed. Applying reverse thrust with a flourish, he piped up on the intercom with an almost audible smirk: "Ladies and gentlemen, we have just landed…for the third time…on Mustique. Please remain seated, etc. I hope you enjoy your stay and take the opportunity of flying with us again."

Island-hopping is one of the great pleasures of the Caribbean.

Each island has a different, distinctive feel. You might be lucky and find one that captivates you for ever – often this is a thing you know instinctively, almost the moment you put your foot on the wharf or the airport tarmac. It is easy to get from one island to the next now, and combining islands can make a more satisfying Caribbean stay.

An hour on a yacht can take you from a busy city waterfront to a deserted strip of sand and palms while a short air-hop can link tropical France, replete with chic restaurants, with a slumberstruck cay. If you style yourself a traveller, getting from one place to the next in tiny aircraft and leaky local boats can be part of the fun.

Islands are really best approached by sea. You get the measure of them, as they grow from a grey stain on the horizon to a steep-sided, forested colossus looming over a tiny settlement. And there is a time-honoured feel in cruising into a busy wharfside, so rarely experienced now because of air travel. The Grenadines, of which Mustique is probably the best known, are particularly good for island-hopping by boat because there is a large number of islands within such a short distance of one another.

You may choose to travel by gin palace, but there is a lot to be said for taking the local mail-boat, the *MV Snapper*, named after a Caribbean fish rather than the over-large island mosquitos. The *Snapper*, an old Norwegian ferry, works its way along the island chain twice a week, carrying provisions, building materials, soft drinks, livestock and – presumably – mail. I arrived at dawn and boarding was in process. The scene was of theatrical and demonstrative West Indian chaos.

I made for an empty seat and found myself next to a goat wrapped in a sack; only its head protruded. It cocked its eyes at me occasionally, appealing to me in its bemusement and panic.

It is an hour's ride to Beguia, where you put into a charming waterfront in Admiralty Bay. Beguia is perhaps the perfect pretty Caribbean island – all the prettiness of a coastal Cornwall village transported to the tropics.

Past the T-shirt sentry, with her wares slung between the trees as though it were washing day, you come to a waterfront path where lazy bars in old (some new) wooden houses are hidden among the frangipani.

But this time I headed on for tiny Mayreau, where there is lazy island life of a more West Indian kind. Life is hard for the 180-odd islanders, who are fishermen or work for the government, but they are easy-going and extremely welcoming. Mayreau is so small and isolated that electricity has not yet reached it, but you can play dominoes by gas-light, or sit on Dennis's wooden veranda while he plays the guitar.

Arrival in Mayreau is a novelty in itself because there is no pier big enough even to take the *Snapper*, so I had to clamber down into a coracle-sized lighter along with crates of Coke and the poor old goat in his sack. He was lucky, though; travelling cattle are simply driven off the side.

The Grenadine islanders have long been ship-builders. The master-builders were from Carriacou, an island to the south of Mayreau. Getting there took a ride in a puttering outboard with a studiedly silent lobster fisherman and then a hop by local sailboat, but it was worth it. Carriacou has an enchanting, sedated air, with superb coves and a string of easy-going bars. Here you can try out the local rum, jackiron. It is extremely strong and has the curious quality of making ice sink.

The ship-building industry has declined now, though there are still a few hulls taking shape on the water's edge. As well as boat-builders, the Grenadine islanders have long been smugglers. Boats from Carriacou travel as far north as Sint Maarten in the Leeward islands, where they pick up goods imported directly from Europe: wines, export beers, washing machines and other white goods.

Carriacou has an easy airstrip in that it is straight and flat, but occasionally you will find that the pilots make a pass before coming in to land, in order to buzz cattle that are wandering on the strip. You might be surprised to see cars beetling across it too – the island's road borrows the tarmac for a while.

The little island-hopping aircraft, many of them Twin Otters, are jokingly known as the island bus service. You cannot quite hitch a ride, but you will find that if there is nobody to pick up or set down at a particular stop, the aircraft simply flies on by. Certainly you should not expect a direct flight; en route to your destination you might touch down at five or six airstrips, each of them a different country.

Flying in this manner has an intimacy with the elements that you don't experience in a Jumbo. Taking off is entertaining. Landing is another matter. There is a pecking order of airstrips around the islands (Mustique rates in the top 10). The second most hair-raising landing strip is on chic St Barts, in an area aptly named the Plaine de la Tourmente. The problem here is that there are hills exactly where you would hope the pilot would make his approach – at both ends. The result is best described as a banana run-in, close enough one end to pick the flowers and the other to read the car-drivers' T-shirts.

But most fearsome of all is Saba, a tiny forested pimple in the Leeward Islands. The airstrip is set on Flat Point (hardly flat, but the nearest thing Saba has to it). It is 400 yards long – shorter than most self-respecting aircraft carriers – and there is a 100ft drop into the sea at either end. It makes Heathrow seem quite boring.

Romantic inspiration in Somerset

Christian Tyler heads west and discovers what influenced Wordsworth and Coleridge

TRY, YOU tireless travellers, to define what is meant by "a sense of place." Is it a view, a sound, a smell, a state of mind? Poets describe it, musicians too – and, of course, painters who work out of doors.

In a walled garden in the west of England, with a wooded slope of the Quantock hills behind him and the Bristol Channel invisible below, the painter David Imms is as attached to bits of the English terrain as any Aborigine to his song-line.

He was born in the near north and lives in the east Midlands. But it is to the south-west that he goes to paint: bodies in the landscape, bodies as part of the landscape, bodies fertilising the earth. After a week on the millstone grit of Yorkshire he is grinding his teeth. "I think I am happier on chalk soil", he said in the matter-of-fact way of one stating a preference for, say, Bournemouth over Bridlington.

And he is right about travelling west. There is some primitive urge which is satisfied by following the path of the sun. As you race down the motorway the grease and smoke of London are sloughed off, the sky expands, the light and the air turn softer, the colours richer. The sea is perceptible long before it becomes visible, and at sunset the clouds pile dramatically above it to compose the mythical land across the water: Tir-na-Og.

In this walled garden in the west, part of the Alfoxton Park estate at Holford in north Somerset, the sense of place is overpowering. It is a warm enclosure of reddish earth and brick, quartered by box hedges and planted to bursting with vegetables, flowers and fruit. It is alive with flying and crawling creatures not seen since the pre-chemical age. "Organic" is the word they use, but the word is too sterile.

The Mad Hatter of *Alice in Wonderland* protested that to see what you eat is not to eat what you see. In this instance the Hatter's logic is faulty: you may see (or paint) your cabbage in the morning and eat it that night. Around the garden live other attendants of the dinner table: the Large Black pigs (Pavarotti and Domingo) behind the barn, chickens in the run, goats beside the driveway and sheep grazing among the deer in the bracken above.

The landscape of Alfoxton Park inspired the early Romantic poets. Wordsworth lived there in 1797-1798 with his sister Dorothy. At the same time Coleridge occupied a cottage in Nether Stowey, three miles away, with his wife and children. Their ghosts have in turn become imprinted on the place.

According to Dorothy, it was on one of their night walks that the *Rime of the Ancient Mariner* was conceived and it was in one of the panelled rooms at Alfoxton that Coleridge five months later recited the finished work to his friends. Here, too, the poets collaborated to produce *Lyrical Ballads*.

Dorothy was an indefatigable diarist of Nature's effects in this corner of England. Her words, as well as suggesting images to the two poets, convey their own innocently uncontrived sense of place:

"April 2: A very high wind", she wrote. "Coleridge came to avoid the smoke [she means, presumably, of poor Sara's cramped kitchen]; stayed all night. We walked in the wood, and sat under the trees. The half of the wood perfectly still while the wind was making a loud noise behind us. The still trees only gently bowed their heads, as if listening to the wind. The hollies in the thick wood unshaken by the blast; only, when it came with a greater force, shaken by the rain drops falling from the bare oaks above."

Rebuilt in 1710 on much older foundations, the house is now a hotel of creaking floorboards, modest comfort and somewhat shambly decor; but it is privately run, has an unfussily family feel to it – and wonderful English cooking.

A sense of place can be learned by walking. But, as Dorothy says, it has also to be learned by sitting and looking. This seaward slope of the Quantocks handsomely repays a week-end's reflection.

■ Alfoxton Park Hotel, Holford, Bridgwater, Somerset, TA5 1SG. Tel: 0278-741211. Dinner, bed and breakfast: £48 per person (b&b only £38; two-day breaks £43 per day). Painting weekends (check availability): £150 pp. Literary weekends: £120 pp. Closed December to March.

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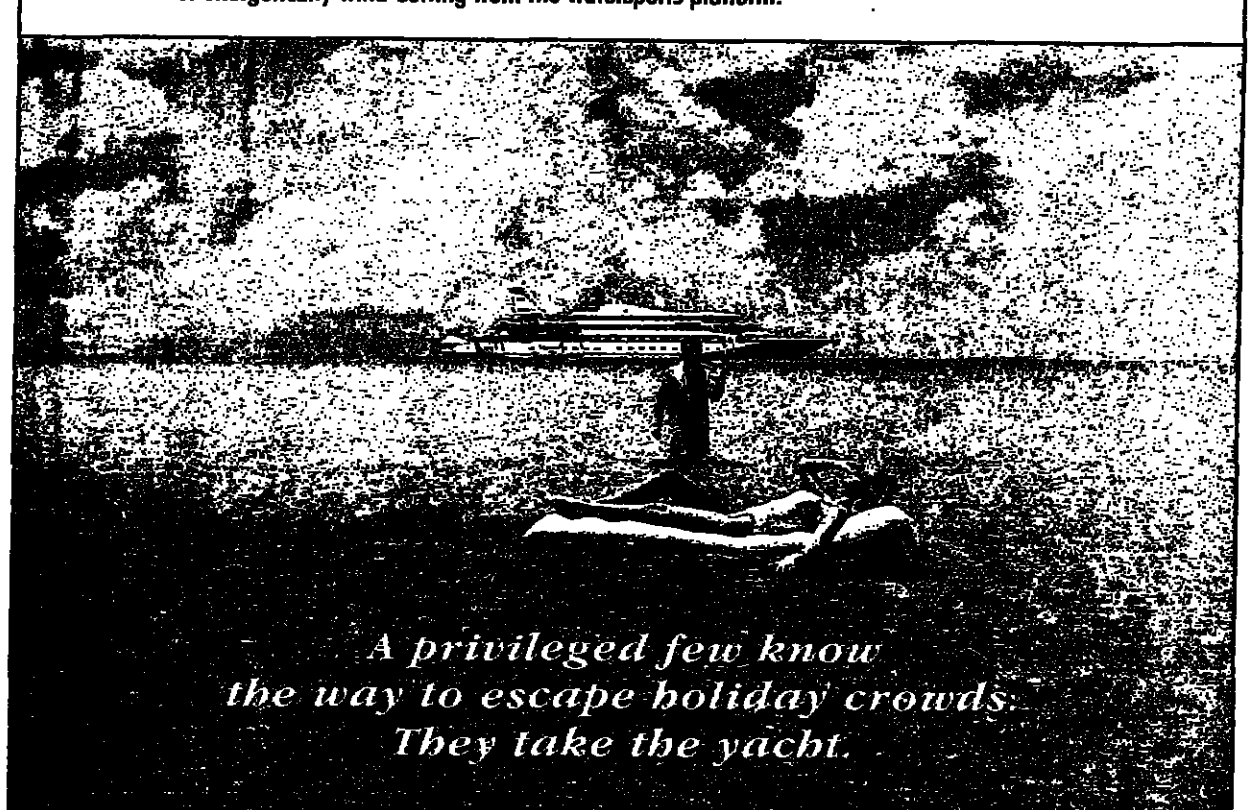
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SEA GODDESS Life

CUNARD

US mix to tempt the British palate

***Lucia van der Post** enthuses over a new furnishing store*

WHEN IT comes to home furnishings shops, Jeremy Sacher, chairman and chief executive of Jerry's Home Store which opens on London's Fulham Road on Monday, believes that size and proportion matter deeply.

"Too large and it is hard to retain a sense of identity and personality; too small and you cannot give people enough choice. After much thought I have come to the conclusion that the 5,500 sq ft we have here is just about right."

So there it is, 5,500 sq ft of brand new home furnishings, all on the site of the old Paperchase shop which stood on the corner of the Fulham Road and Pond Place.

Loosely based on US ideas and informality, Jeremy Sacher, who had spent years working in the family business – Marks & Spencer, in case you wondered – had come to the conclusion that no-one in Britain had quite the mix that stores such as the American operation, Crate & Barrel, were offering.

Anyone who has ever drooled over its products, as I did in its Houston branch, and marvelled that so many simple, clean, well-designed goods could be offered at such attractive prices, has to agree.

"What impressed me about Crate & Barrel," says Jeremy Sacher, "is its wide appeal. Strolling through the aisles, filling up their baskets, you see some of the best-heeled and some of the less well-heeled people in town." In other words they are united by an approach to life more than by income.

Not that Jerry's Home Store is another Crate & Barrel. "What we have tried to do is to choose things which will fit in existing homes. We are not trying to do another Habitat.

"Habitat is still fundamentally about furniture whereas we are the reverse – we will mainly be selling home furnishings, glass, tableware, accessories and cookware along with some furniture.

"We aim to be moderately priced where we can be – and I believe in our glassware and tableware our prices are second to none – but where we have to be more expensive, as in the furniture, we prefer to charge more and sell quality, rather than lower our standards."

The result is a store with a clean, airy slightly transatlantic feel – "Nantucket, rather than West Coast" – and a mass of really attractive merchandise that ought to appeal not just to first-time home owners (although it will, I think) but also to those whose homes and tables need a little freshening up.

The glassware is outstanding – tumblers at £1.95 each, champagne flutes at £5.95 which look like versions selling at £25 a time elsewhere, blue tumblers at £3.95 each, large white wine ones at £11.95 each.

Jeremy Sacher, chairman and chief executive of Jerry's Home Store, relaxing into one of the big squashy slightly over-sized Stanford chairs, £875 before upholstery. Here it is upholstered in a Waverly Fabrics toile de jouy cotton linen.

Tableware ranges from the fine East Hampton porcelain photographed here to inexpensive sponge-ware at £2.95 a plate and even less expensive earthenware at £1.95 a plate.

A 20-piece set of a particularly charming blue and white vine and grape design sells for just £35. The cutlery, for those whose families have failed to supply them with heirloom silver, is charming – ivory-coloured resinated plastic handles and soft, rounded shapes and at just £4.50 a time for the main pieces, £3.50 a time for the teaspoons.

The kitchen section is outstanding – really sturdy sieves and colanders, a small but beautifully chosen range of saucepans, a collection of maple wood products from Vermont (carving boards, breadboards, salad bowls) and some enticing foods.

Look out for pots of dipping chocolate (white or dark), for Running Deer Ranch marmalade, for Sarabeth's preserves, for dips from Texas, for Kousmichoff's of Paris fragrant teas and for the Williams-Sonoma range of cookbooks on a theme (pasta, chicken, pizza etc).

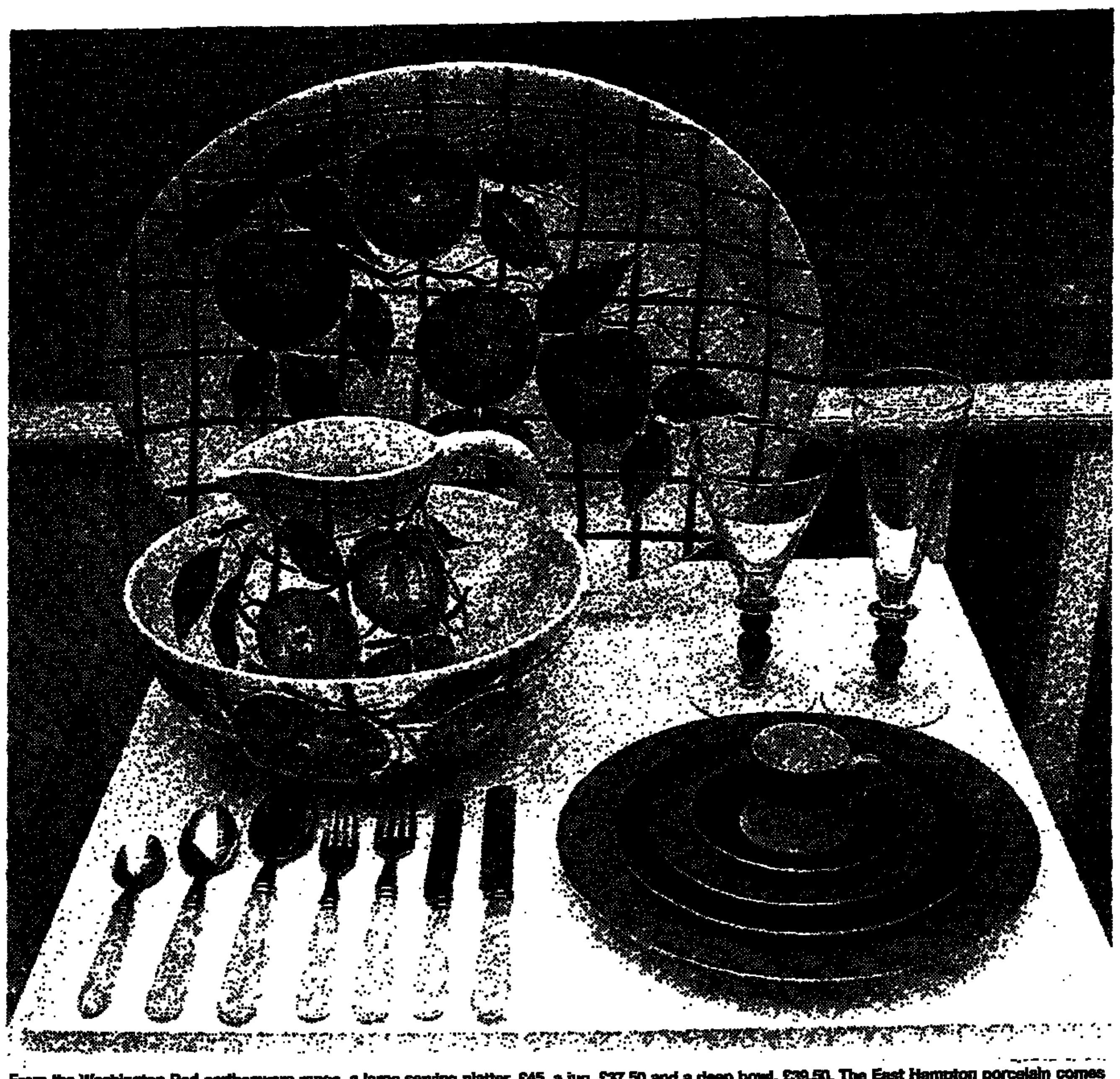
Then there is the furniture. Here, it has to be admitted the prices do not bring such a lift to the heart, but on the other hand the quality and desirability levels are high.

The huge, squashy, slightly over-sized furniture exudes exactly the air of inviting comfort that upholstered furniture should. They come covered in a selection of Waverly Fabrics which range from the sweet prettiness of gentle chintzes and *toile de jouy* to cool checks and stripes. Sofas range from £875 to £1,350 (without the covering fabric), chairs from £525.

The rest of the furniture consists of two main collections. There are some simple maple wood pieces – a sturdy rectangular table, either for the kitchen or dining-room, some good chairs and side tables.

Adding charm and a touch of nostalgia to the whole is a sweetly traditional range of French pieces from Provence – here are the *buffet deux corps* (because it comes in two parts), the *armoires de Luberon*, the *vaiselliers*, the chairs and tables and sideboards which grace the homes of the *bourgeoisie* with breeding and taste.

h The furniture is stained in a range of gentle colours – soft green, grey, blue and terracotta – and can only be bought to order. Prices it has to be said are high, but then these are really craft pieces. All are beautifully finished and the length finishing process involves four different treatments. The *vaisellier* is £1,250, *the armoire Luberon*, £1,450, the *buffet deux corps*, £1,895.



From the Washington Red earthenware range, a large serving platter, £45, a jug, £37.50 and a deep bowl, £39.50. The East Hampton porcelain comes in three different colours (navy blue, red and green), trimmed with gold. Dinner plates are £12.50, cups and saucers, £13.95, side plates, £6.95. The French cutlery with resinated plastic handles is £4.50 for any pieces except the teaspoons which are £3.50 each. The Marion glasses with blue and red bobbles in the middle of the stem are £7.50 each.

The overall look of the store is eclectic and undidactic. Things have been chosen because they please the buyer's eye and have a use and a place in the modern home, not to fit some given design ethic.

There are things that are cool, streamlined and unaggressively modern but then too there is the old-fashioned charm of the stained French furniture and the easy comfort of the over-sized upholstery.

Somewhere in there is something for almost everybody. Only the most determined traditionalist or aggressively fetishist design groupie would come away from a visit empty-handed.

■ Jerry's Home Store opens on Monday at 163-167 Fulham Road, London SW3.

Fashion at first-hand

***Lucia van der Post** knows how to find fresh, unsullied design*

THOSE OF us who are privileged to see the work that many of our young fashion designers produce are accustomed to the praise, the accolades, the excitement that surrounds their college shows but are inured to the fact that what we have seen on the catwalk seldom sees the light of day.

Somewhere along the line the ideas are watered down, the manufacturers fail to follow up the fine words with solid orders and the students in question usually disappear into foreign workshops or the large industrial combines.

If you have ever wanted to buy fresh, unsullied designs, straight from a student's portfolio, now is your chance. Simpson of Piccadilly, which starts a Best of British promotion on Monday, until September 25, will be showing (and selling) the work of four young graduate designers throughout the promotion.

In February Simpson invited colleges all over the country to submit the work of their best students. A panel of fashion experts then sifted through the entries looking for collections that would interest, inspire and, of course, be wearable and thus sell.

The four students eventually chosen were overwhelmingly the most popular choice. Two came from the Royal College of Art – Pearl Walton, with a wonderfully romantic collection for women in velvet and suede, and Tim Voegele with a chunkily masculine collection of tweeds and checks for men. Karen Heverin studied at Ravensbourne College where and created a Red Indian inspired collection for women – all lean,long lines in brown, navy blue, rust and white.

Hema Mandalia studied at Nottingham Trent University and has produced a collection of soft, tailored menswear in (mainly) gentle neutral shades, although if there are any men out there who have been longing for a winter coat in powder blue now is their chance – Hema Mandalia has made one.

Sifting through portfolios is relatively easy. Getting the clothes to the shop-floor quite another. Simpson had to organise the manufacturing and the students remained involved with manufacturers.

The results are there to be seen in Simpson and very colourful and desirable they are, too. Pearl Walton's collection has been built around the theme of the "Butterfly Ball" – the "Butterfly" design appearing on velour bodies, silk shirts, scarves, suede jean and some marvellously sassy high-heeled ankle boots. Pearl Walton's father, Steve Walton, an expert in photograph printing, photographed peacock feathers and butterflies which were then screen printed on to fabric. The result is a rich and colourful collection.

The men's collections are well worth a serious look. Tim Voegele has mastered that difficult art of making men's clothes that are interesting and innovative and yet are indubitably for real men. They exude a highly attractive chunky masculinity.

While it is well worth visiting Simpson for the fashion alone, there will be lots more to see. In conjunction with Country Living magazine there is a range of British craftwork to look at – rocking horses, hand-knitted jumpers, hand-painted furniture and the like – while on the ground floor there will be designers and craftsmen from The Princes Youth Business Trust selling and showing their wares.

Far left: Menswear by Tim Voegele. check suit in 85 per cent worsted wool and 15 per cent silk, £389. checked fringed waistcoat, £129. 100 per cent cotton shirt, £75 and 100 per cent wool flannel coat, £369.

Left: Brilliant blues and purples make up the basis of Pearl Walton's range. Sketched here is a bright blue fitted velvet jacket, £399, a bright blue ballon suede skirt, £299 and a brilliantly printed cotton and lycra body, £99.

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In 1855 David Livingstone stumbled upon the magnificent Victoria Falls and described them thus: 'scenes so lovely must have been gazed on by angels in their flight'. Indeed, it is the natural beauty of this country and its temperate climate which will attract the prospective visitor where, even today, it is still possible to relax and explore in some comfort, in fine hotels, the surrounding uncommercialised areas such as the Hwange Game Reserve, the Kariba Dam, Bumi Hills or just to soak up the atmosphere and beauty of the Victoria Falls which is an experience in itself, with then perhaps a farewell sunset cruise on the mighty Zambesi.

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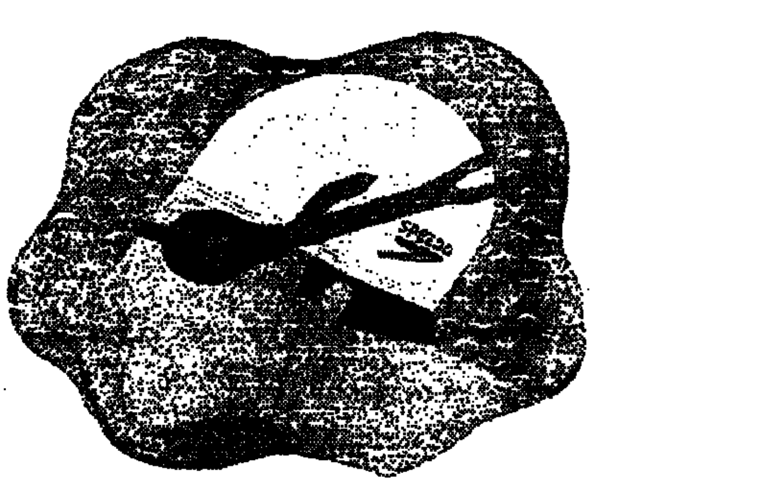
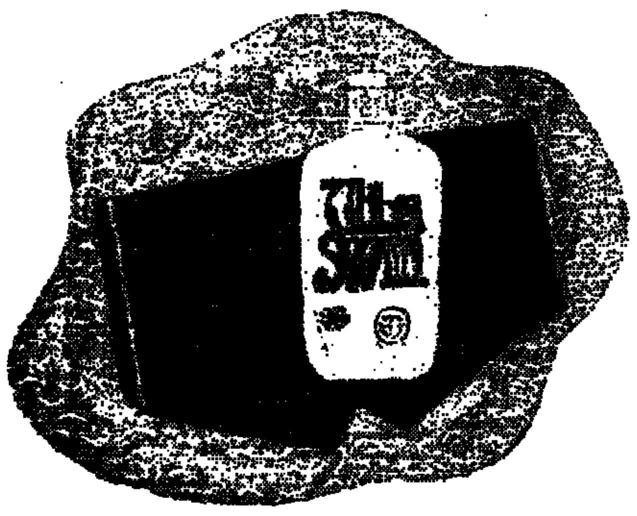
FASHION

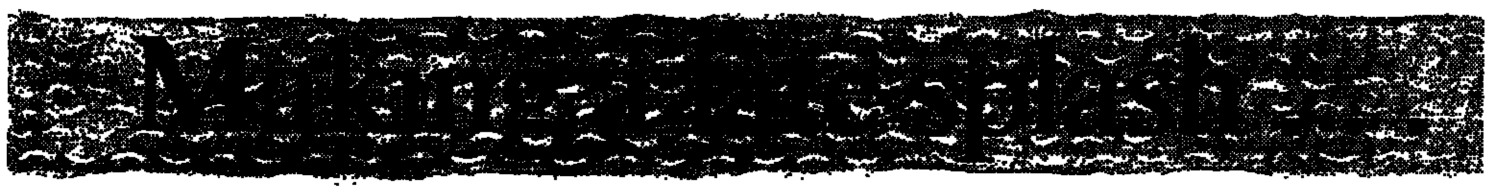
JUST BACK from the costa or the plage with the feeling that this year your swimwear lacked a certain *je ne sais quoi*? Somehow it didn't convey quite what a splendid fellow you really are? Somewhere along the line it seemed to miss?

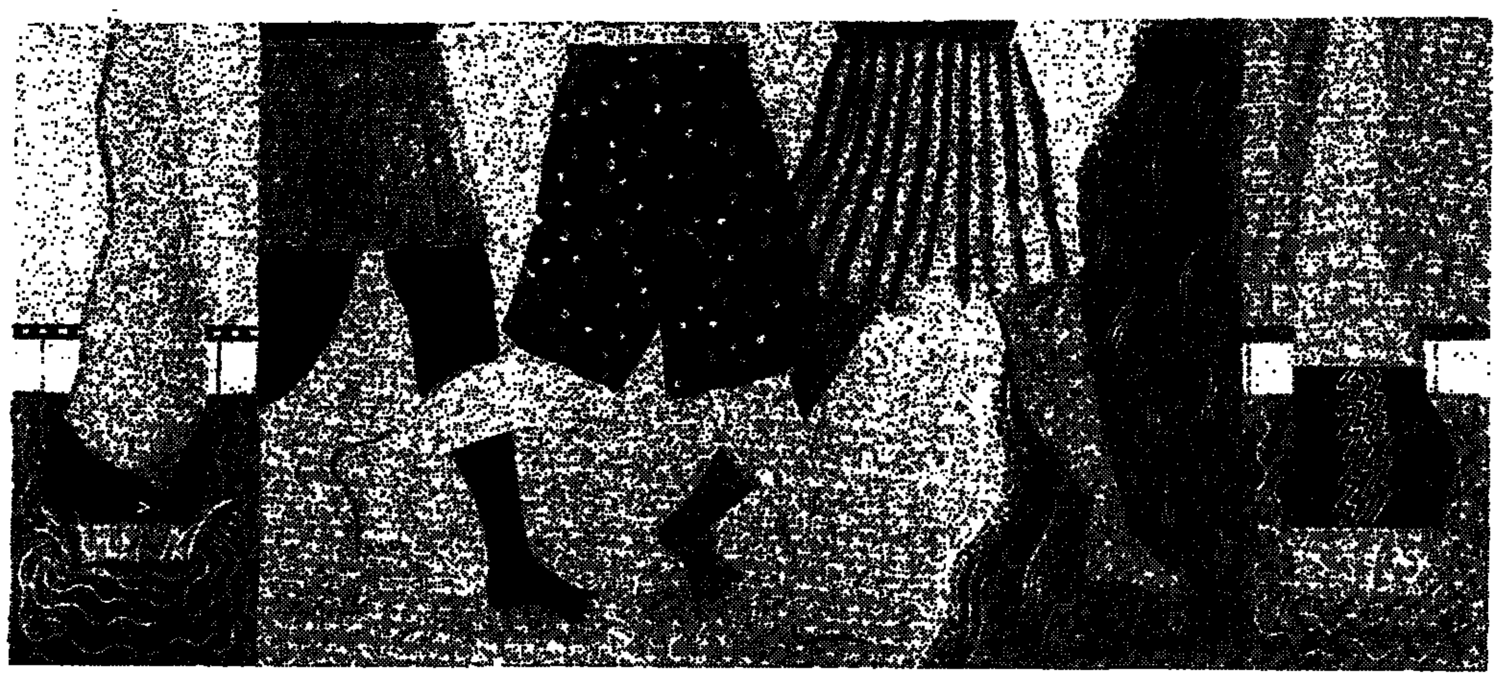
It is hard for those who spend most of the year in offices and bundled up against the weather to get it right for the few glorious weeks when the sun shines and limbs are bared.

But swimming these days is more than just a holiday pastime, for some it is an all-year-round means of keepng fit. Here **Christopher S. Brown** helps to make sure you get it right . . .









SOME BATHE, others swim. Bathing requires little effort, is purely pleasurable and often takes place on holiday in hot places in saline solution. Swimming is different. It usually takes place in pools, can be a year-round activity and is one of the best forms of exercise for overall fitness.

Sometimes in pools, there are clashes between serious swimmers and pleasure-seeking bathers, who often mistakenly believe they are swimming.

To enjoy either aquatic pastime you do not need to spend a great deal of money. Unless you are going to a nudist beach or are joining a swimming club all you need is a one item of clothing.

The choice is simple – it lies between trunks or shorts. Trunks give the wearer the "I know how to swim look" while shorts seem to say "I'm out for fun."

When buying, chose a pair designed for swimming rather than sun bathing and avoid some of the paler colours which may become transparent when wet. Trunks are available in so many jewel-like colours that you are bound to find a colour that suits you. If you swim regularly it is important to remember to rinse your trunks each time, otherwise chlorine will eventually perish the fabric.

Look out for the tell-tale white threads, a warning signal that it is time to buy a new pair.

Most specialist sport shops now stock swimwear throughout the year – Olympus, First Sport, Lillywhites and Sports Locker are worth visiting. All stock Speedo products (perhaps the best-known swimwear company of all).

Sports Locker sells a variety of names that are less well-known in this country including Gazelle, a New York brand, and L.A.S.C., unique to Sports Locker, which produces excellent cotton/lycra mix trunks, more expensive than Speedo but certainly worth the extra.

Above right:. Speedo swimming cap for serious swimmers. in 100 per cent latex, in 14 different plain colours, £1.50. Worn with Speedo anti-fog goggles, £11.99. Both from Olympus.
Above left: Ultra Swim shampoo, £2.75 from Peter Jones, Sloane Square, London SW1. Dark green fine ribbed trunks with yellow piping by L.A.S.C., 90 per cent nylon, 10 per cent lycra, £29.99 from Sports Locker. Also available in other two other colours.
Opposite, from left: Speedo trunks, 80 per cent polyamide, 20 per cent elastane, £12.99. Olympus. Speedo Magic Shorts, 65 per cent polyester, 35 per cotton, £14.99, Olympus. Bermuda shorts with button print, in 100 per cent cotton, £30. Also available in beach short length, £35. From Paul Smith. Striped shorts in 100 per cent cotton by George at Asda, £7.99. Acqua trunks in 55 per cent cotton, 35 per cent polyester, 10 per cent lycra, by L.A.S.C., £34.99 from Sports Locker.

Shorts do have one real advantage over trunks – they are kinder to those whose figures are in dire need of exercise and will give the wearer more confidence when the time comes to take the plunge.

Although it is now early September, and many of the fashion shorts have sold out, more and more shops are realising that swimwear is year-round business. Winter holidays in the Caribbean and the Far East and the popularity of cruises mean that swimwear departments no longer automatically shut when the summer hols are over.

If you are looking for swimwear now your first stop should be Paul Smith, which is still selling 100 per cent, black, cotton shorts in bermuda and beach lengths and in beautiful photo-print designs.

Next might be a visit to the sports shops. Sports Locker has its own brand shorts in nine bright colours and Olympus sells shorts in which the Speedo logo appears only when the shorts become wet.

An even greater surprise, however, is at Asda, where the George Davies collection includes strips, stars, stripes and spots at reasonable prices.

If you do start swimming regularly then both your eyes and hair will need protection. Goggles will save your eyes looking as though they have permanent conjunctivitis and a swimming cap and the use of a shampoo such as Ultra Swim will stop your hair feeling like straw.

■ **Stockists:**
Paul Smith, 41-44 Floral Street, London WC2.
Sports Locker, 17 Floral Street, London WC2, and 53 Pembridge Road, London W11.
Lillywhites, 24 Lower Regent Street, London SW1.
First Sport, Whiteley, 151 Queensway, London W2 and Shopping Centre, Brent Cross, London NW4.
Olympus. Tel: 071-409-2819 for list of stores.
Peter Jones, Sloane Square, London SW1.
Asda. Tel: 0532-435435 for list of stores.

The easy way of shopping

WHEN THE catalogues start falling on the mat like autumn leaves it must be . . . well, nearly autumn. Fatter and faster they are coming as mail order goes booming on.

Those who enjoy shopping by mail, and ordering their entire autumn wardrobe in one fell swoop, might find the new Next Directory just the job.

Whether you are looking for a pair of silvery earrings, some striped socks, a casual shirt or a charcoal grey sweater, the Next Directory will have it.

In size and initial look it is rather like the bumper catalogues of old – fat, comprehensive and not all that discriminating. As it has increased in size, it seems to have lost its strong identity – here is something for everyone rather than a collection aimed specifically at Next man or woman.

Nevertheless, most of the essentials of the winter wardrobe are there: from pinafore dresses to crêpe fishtail skirts and sweetly-fitted cardigans – the delicately knitted version at £39.99 looking to be a winner. Baby Next is coming along nicely, too, with all manner of cute items for the toddler set.

All the catalogue basics, from socks to bodies, seem excellently priced. Ring 0345-100500 for details.

■ If your tastes run to smaller, more edited catalogues, then look out for Kingshill.

Launched earlier this year with a small collection of British designer labels (Caroline Charles, Paul Costelloe and Amanda Wakeley) two new names have been added for autumn – Georgina von Etzdorf (every fashion editor surely has a von Etzdorf scarf) and Belville Sassoon (for evening wear).

For a copy of Kingshill, The British Designers Collection, tel: 0494-890555 or fax: 0494-866003. The cover price of £4.50 is refunded against the first order placed. Be warned, though, that designer labelprices are altogether different from those at Next.

Lucia van der Post

DAKS WELCOME BACK

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A charge card with a difference

Nicholas Lander looks at a pioneering approach to restaurants and their customers

IN A low-key press release that may have enormous benefits for chefs, restaurateurs and restaurant-goers throughout Europe, Transmedia Network, based in north Miami, Florida, announced its first overseas licensing agreement and the opening of Transmedia Europe's office in London's West End.

The office will be opened on Monday by Edward Guinan III who spent the first half of this year raising capital to buy the franchise and to establish the company in the UK. During meetings with merchant banks in Manhattan and London which have raised more than \$4m (£2.60m) for this venture, Guinan told me my articles on "Lunch for a Fiver" had been in his briefcase and helped convince potential investors that British restaurants may be ready for Transmedia.

He provides this additional custom through a scheme which enables regular diners to obtain a 25 per cent discount at restaurants which join his scheme. The incentive for the restaurants is an offer of interest free loans. These are repaid, not in cash, but from the extra revenue generated by the diners on Transmedia's list.

The company was conceived by its chairman, Melvin Chasen, as a media barter business in New York in 1984. After years in the restaurant trade, he realised that although restaurants can be busy, popular and profitable, they face difficulties raising money from the more usual lending sources, such as banks. Even in a recession restaurants can secure initial funding in the way short-lived musicals attract "angels"; but many restaurateurs can offer little security for capital to buy equipment, to redecorate or to advertise.

Transmedia's way of ensuring that its loans are repaid with profit is to exchange its cash for food and beverage credits (called rights to receive) of double the value of the amount advanced. These credits are repaid by the diners on Transmedia's list who are persuaded to go to the restaurant by the discount.

Suppose for example that the Happy Trout restaurant received £50,000 interest free for kitchen improvements. It would exchange this for £100,000 worth of food and beverage credits which Transmedia would sell to its customers, each of which is issued with a special card.

These food and beverage credits are used up and repaid by Transmedia cardholders. Having advanced £50,000 to the ABC restaurant, Transmedia receives, via the credit card payments, £75,000 (£100,000 less 25 per cent), ensuring for the company a gross profit of £25,000, a highly respectable gross margin of 33 per cent and a 50 per cent return on invested capital. For the cardholder, the saving is 25 per cent on restaurant bills.

Transmedia then becomes an advertising medium for the restaurant, adding the restaurant's name, address and telephone number to those already on its books.

There are nearly 2,000 restaurants listed in New York, Boston, Florida and Philadelphia and franchised areas in New Jersey, Chicago, Washington DC and California.

In America, the minimum advance to a restaurant is \$2,000, the largest so far has been \$600,000. It will not advance cash for restaurant openings but its staff evaluate applicant's risk factors: location, capacity, pricing and style of cooking.

The company's own charge card (called The Restaurant Card) costs diners\$50 a year. There are no restrictions on how often the card can be used and the net amount is billed to the diner's Visa, MasterCard or Discover Card.

The only restriction on the card's use is on reservations for tables of six or more, which have to be booked via Transmedia.

Back at HQ, a small staff monitors the sophisticated computer software which handles up to 70,000 credit card transactions, tips and tax rebates a month. It also monitors how quickly each restaurant is repaying its loan via reclaimed food and beverage credits.

Once signed on, the restaurateur must remain with Transmedia for a minimum of a year even if the credits are repaid earlier. After that the restaurateurs can choose to take out another loan, and therefore stay on Transmedia's restaurant list which now goes out to more than 170,000 cardmembers.

Transmedia's success hinges on timing - it received a huge burst of applications after 1988 when the recession began to affect the restaurant trade. The originality of the concept and the substantial discount it can offer card members who supply its revenue (it has only begun to tap the corporate market, signing up 5,000 Chemical Bank executives) have also been crucial factors.

The real strength of Transmedia's operation lies in Chasen's understanding of the restaurant business and his ability to buy extremely competitively but still leave his suppliers, the restaurants, with a small profit. Most restaurants aim to operate on a food and beverage cost of 40 per cent or less. His aggressive buying still therefore leaves the restaurateurs with a reduced profit to repay the company's advance. The extra business The Restaurant Card brings sweetens the pill and Transmedia's newest ventures into marketing links with airlines and a division that will combine its participants' food purchases to obtain savings and group insurance should ensure the restaurants' loyalty.

After eight years Chasen and Transmedia are an "overnight success" and the darling of various stock market analysts in America (the company has been listed in BusinessWeek's top 100 Hot Growth Companies for the third consecutive year). He met strong opposition at first and I fear that British restaurateurs will react similarly. But this is one American marketing concept that I hope becomes a success in the UK.

■ *Transmedia Europe, 11 St James Square, London SW1 4LD. Tel: 071-229 5134, fax 071-221 1514.*

Lo's life and times

CHINESE restaurateur and cookery book writer Kenneth Lo is 80 this month and September also sees the publication of his autobiography: *The Feast of My Life* (Doubleday, £16.99, 216 pages).

I was surprised to learn that Lo had had such a varied career before he turned to the kitchen stove: scholar, tennis player and consular official. This book contains some choice episodes from his life.

In particular I enjoyed his brief appearance at the Berlin Olympics in 1936 when he stayed at a Chinese restaurant in the Kanststrasse; the years of poverty in Cambridge, where he learned to eat cheese, and the destruction of the city's only Chinese restaurant by a direct hit from a German bomb; and his work with Chinese sailors in Liverpool where he was able to quell a race riot by sitting the local West Indians down to a Chinese meal. The passage which touched me most, however, concerned Lo's return to China after 54 years to find his patrician family reduced to poverty by the cultural revolution.

Lo has been poorly served by his editor. This book contains an intolerable number of spelling mistakes and some nasty English.

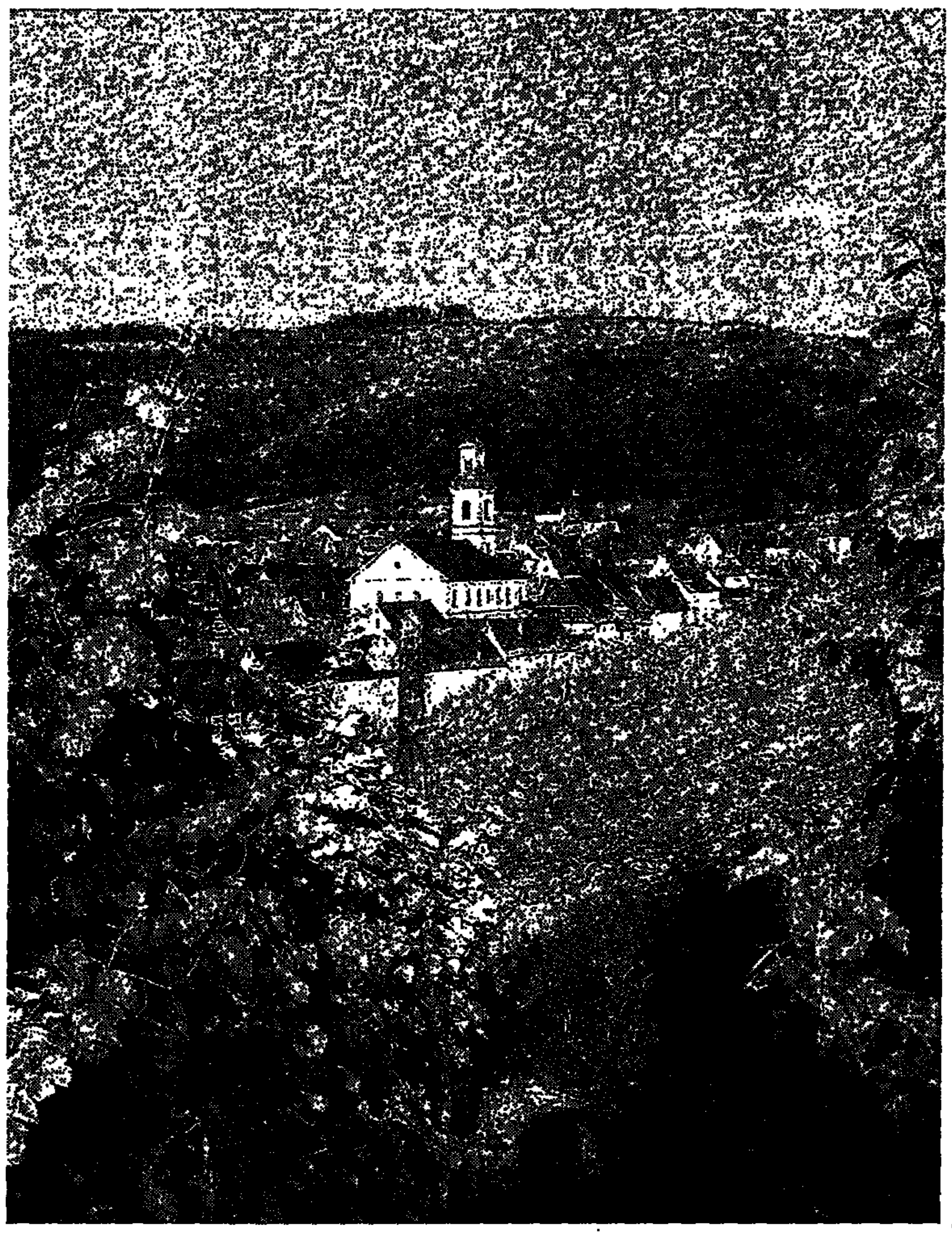
□ □ □

Presentation is one of the strong points in Nigel Buxton's *Walking in the Wine Country* (Weidenfeld & Nicolson, £20, 250 pages). The book is filled with some ravishing photography by Glyn Williams and Buxton's writing is often a joy.

For me it was more a book about walking than it was about wine: Buxton is a hesitant wine writer and generally contents himself with citing his favourite authorities on each area, rather like some medieval theologian invoking the Fathers of the Church. He also falls into a French-sprung trap about Alsace. Alsatian is not a French dialect as implied here, but a German one, similar to Swiss German. Nor was Alsace annexed by "the Prussians" in 1871, it became a *Reichsland*, ie part of the new German Empire.

I most enjoyed Buxton's descriptions of meals and, by the end, I had an abiding vision of a man either relaxing beside a hotel fire with a large glass of cognac in his hand, after a long hike, or sitting at the top of some hill with a picnic lunch and a bottle of wine.

My complaint about this book is that it is misleading. I lived in France for seven years and I think I know the people. The French do not understand eccentricity and the sight of a lone man walking across private property with a bottle in his hand is more likely to make them suspicious than to excite feelings of hospitality.



Glyn Williams's view of Riquewihr, from Nigel Buxton's "Walking in Wine Country"

If, on the other hand, you are a journalist with a story or even a book to write, a French winemaker's attitude can be wonderfully expansive. The dogs seem to speak the true voice of France in this book: "hideous, unrestrained" – the Dobermann in Chagny. They never fail to bark and snarl at his approach. So far as Buxton's sugar-sweet, French people are concerned: he has either been unbelievably lucky or he is pulling our legs.

□ □ □

Antony Worrall Thompson is something of a walking publicity machine, so it might come as a surprise that it has taken him so long to want to squash his wisdom into covers hard or soft.

Now, with Malcolm Gluck of *The Guardian* newspaper, he has produced *Supernosh* (Faber & Faber, £7.99, 221 pages), a collection of his favourite dishes with notes on what wines to serve with them.

I must confess that I am not over-impressed by Worrall Thompson. I have eaten a number of meals which he has cooked and even more which were served in his restaurants. One of his signature dishes is a plate of lamb shanks with mashed potatoes. At Bistrot 190 I had to send this back as I was unable to get a fork into the lamb. Out of interest I tried the same concoction in his newer, Del Ugo restaurant some time later and found the lamb equally unappetising; but that was nothing to the mash, which had been liquidised and had the consistency of glue.

Giles MacDonogh takes a critical look at four new food books

I mentioned this second bad meal to his personal assistant who insisted I come back; that the problem had been caused by staff problems etc. I had the same dish and the PA was forced to admit that it suffered from identical faults. I was obliged to console myself with one of Worrall Thompson's "one-pot" dinners.

This book might have been excusable if it contained recipes, but it does not. It is a collection of jottings containing advice on how to prepare the sort of pseudo-Mediterranean food advocated by Worrall Thompson. In a number of instances he implies that the dish is too difficult for readers to make at home and that they should therefore simply go to one of his restaurants and eat it there. Hmm: need I say more? Nor can I say I am wholly convinced by the wine matches. There are a few useful rules about what wines to serve with food and Gluck simply abandons them.

On the other hand, if you are buying wine at the supermarket some of Gluck's recommendations will be of interest, for this is the field he has made his own. In this case I suggest you buy his book *Superplonk* (also Faber).

□ □ □

In contrast to *Supernosh*, *Good Pub Food* by Susan Nowak (Camra Books, £9.95, 439 pages) is a really useful book. I was grateful to the author on a recent visit to touristy Broadway in Worcestershire, for through her guidance I found the Crown and Trumpet with its wholesome food, good beers and friendly service. Anyone who gets out to the English countryside should possess a copy.

Appetisers

A new Arran malt

IT IS not every day that a new malt whisky distillery is set up in Scotland. Indeed, one sees far more of them being mothballed or even demolished. It is therefore particularly brave of Harold Currie, former managing director of Chivas Regal, to want to set up new stills on the Isle of Arran, a Hebridean island between the Mull of Kintyre and the Scottish mainland. There will be no malt bottled before the year 2001, but for anyone interested, bonds' may be bought at a cost of £450 each. These entitle you to a case of Lochranza blended whisky 1998 (containing whisky from the new distillery on Arran) and a case of the real thing in 2001. Inquiries to Isle of Arran Distillers. Tel: 0290-52282. Fax: 0290-50177.

Giles MacDonogh

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MICHAELMAS goose is back on British menus. Last year, a fair number of *Weekend FT* readers were tempted to savour the pleasures of autumn goose, considered traditionally to be even finer than goose at Christmas.

This year Goodman's Geese is rearing 400 birds which should be ready for the table in late September and October. What is more, Mrs Goodman has agreed once again, if so requested by *Weekend FT* readers, to cut the necks of the birds in a manner suitable for making goose neck pudding. But this offer applies only to advance orders for Michaelmas birds to be collected from the farm or despatched by overnight delivery in September and October. Later in the year, she will be too busy coping with Christmas orders to prepare goose necks in this way.

For a copy of my recipe for goose neck pudding, write (enclosing sae) to Louise Gordon-Foxwell at the *Weekend FT*. Inquiries and orders to Goodman's Geese, Walsgrove Farm, Great Witley, Worcester WR6 6JJ. Tel. 0299-896272. *Philippa Davenport*

□ □ □

IT ALL BEGAN in my house with Gala, Gala Royal and Braeburn from New Zealand. All three eat well and are useful for tiding apple addicts over between one British apple season and the next. My objection is the sticky name-tapes worn by each and every fruit. It is a nuisance far worse than refrigerator magnets. Magnets may multiply overnight but at least they know their place. Apple stickers get everywhere.

Now, the French, Germans and South Africans are at it and British growers plan to join in this autumn – at the insistence, apparently, of supermarkets which are reluctant to sell loose apples without individual identification. The litter problem looks set to grow. *PD*

Three market leaders from Tuscany

Edmund Penning-Rowsell considers an instant success story

IT IS rare indeed for a high-quality, high-price wine to become within its field an international market leader almost on its launch: least of all an Italian one. Yet this has happened to three: Tignanello, Sassicaia and now Ornelleia.

Tignanello is the vineyard name of part of the St Cristine Chianti vineyard of the historic Florentine firm of Antinori, owned today by Marchese Piero Antinori. Eighty per cent Sangiovese and 20 per cent Cabernet-Sauvignon, it did not follow the official DOC Chianti grape formula and was launched in 1971 as just a vino da tavola with almost instant success. It combined the rich fruitiness of old-vine Sangiovese with the elegant bouquet and flavour of the Bordeaux grape. Production now varies between 15,000 and 25,000 cases per year.

Sassicaia began differently. It had long been the tradition of rich Italian families to import wines from France but, in 1944, the Marchese Mario Incisa planted on his San Guido estate, at Bolgheri on the Tuscan coast, half a hectare with 85 per cent Cabernet-Sauvignon and 15 per cent Cabernet France, to yield 2,000 bottles a year for his family consumption.

His wife was the sister of Marchese Piero Antinori's mother and, in 1971/72, he put on the market the 1968 vintage under the vineyard name of Sassicaia. A quick sell-out led to gradual extension of the vineyard, which now covers 30 ha and annually yields about 10,000 cases.

Ornelleia is the brain-child of Piero Antinori's brother, Lodovico.

At the end of the 1970s, he decided to establish a winery on the Bolgheri family estate.

The first vines – 80 per cent Cabernet-Sauvignon, 15 per cent Merlot and 5 per cent Cabernet Franc – were planted in 1980, and the first vintage of 15,000 bottles came in 1985. The vineyard has been steadily increased, and separate ones started to produce Merlot and Sauvignon wines, and less expensive blends. The first Ornellaia released on the international market was the 1989, now followed by the 1990 with 6,250 cases, but more than 8,000 of the '91 and nearly 12,000 of the '92 will be available; and a maximum of more than 20,000 cases is planned; more than double the neighbouring Sassicaia's settled total.

On a recent visit, I was fortunate to have vertical testings of all three wines on their estates. All are made in new oak barriques.

Tignanello '89 – generally, not a good vintage in Tuscany and this lacked body and was short, but an agreeable, easy-drinking wine. '86 – elegant and mature with real Cabernet flavour, but to be drunk. '85 - big colour, rich nose and concentrated flavour. The finest wine of the tasting and Tignanello at its best. '81 – full colour, line, mature old bouquet, elegant taste, a classic wine of its kind. '77 – brownish colour, with a chocolate nose, some dryness on the palate, but a sweet finish. A complete wine. '71 – the wine of the original vintage had an old claret appearance and flavour, but no decay. Not only did Tignanello start the fashion for high-quality vino da tavola, but it has never been rivalled in demand or excelled in quality.

Sassicaia '92 – a barrique sample, with very good colour, elegant nose and line balance. '91 – also from a barrique, but a lighter wine with an oak-scented nose. '90 – still closed bouquet and flavour, but full-coloured and well-structured; should turn out very well. '88 – much more developed, with full colour but per-

haps less roundness and richness. '85 – a supple wine, ready to drink, but not all that distinguished. '82 – brown-tinged, but with a rich nose and full, sweet flavour; an exceptional wine at its peak. '81 showing some age, but elegant and sweet. '78 – exceptional colour for its age, with a sort, engaging bouquet and light body.

Ornelleia '91 – good colour, but typically light on nose and taste for the year; short. '90 – very rich wine, with big colour, very rich, oaky nose and a taste of prunes. Still closed; less concentrated than Sassicaia. '89 – an easy-drinking, fairly light wine as the vintage mostly dictated. '88 – very big colour, and concentrated bouquet and flavour. A strong wine, still tannic and to be kept. '87 – fair colour but lacked fruit on nose, with some dryness on palate. A moderate-only year, yet still fair drinking.

The Marchese Lodovico clearly has wider ambitions than his neighbour, cousin and fellow Ornelleia director, Marchese Nicolo Incisa. Yet the latter has one important advantage. His wines have an average age of 25 years, whereas Ornelleia's are much younger. Sassicaia is also kept longer in cask. None of these wines is for early drinking. Style, and quality as well as price, demand definite if variable maturing times for all three.

■ *Winecellars, London, SW18 (Tel: 081-871-2668) lists Sassicaia '89, Ornelleia '90 at £23.85, and Lay & Wheeler (0206-764446), of Colchester, Essex, has Tignanello 1988 at £21.80.*

Cookery/**Philippa Davenport**

Another revival of salad days

THIS has been a disaster year in our garden. The courgettes curled up and died. The white currants refused to fruit. The runner beans failed to run. I began to despair of enjoying any home-grown produce.

But gardeners are kind-hearted and generous people, well versed in the charitable practice of visiting the sick and the dying. Word of our predicament spread and we have received a stream of commiserations, many from visitors who bring a harvest of offerings from their own gardens.

There have been bunches of the sweetest-ever young carrots, beetroots ranging in size from ping-pong to tennis ball, the newest of new potatoes, courgettes, runner beans (yellow-podded as well as green), squeaky-fresh spinach, armfuls of flat leaf parsley, green coriander and rocket, lettuces of various shapes and hues, and cucumbers and tomatoes of unparalleled flavour. Special thanks to Edna and Alex Cross, Louise Mollo, Phoebe Wickham, Carl Telemacque and, most of all, to Doris and Bob Bennett. As a result of their kindness, here is a trio of salads we have enjoyed.

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ROCKET WITH SWEET PEPPERS AND PARMESAN

Use whatever quantities and whatever ratio of ingredients you like for this robustly flavoured salad, which makes an admirable appetiser. If you do not have gardening friends to help with providing fresh ingredients, or if time is short, a jar of roasted and skinned red peppers preserved in olive oil can be used instead of peppers prepared freshly at home.

Grill two or three red peppers until the skin is blistered and black all over and the flesh feels soft underneath. Strip off the papery skins as soon as cool enough to handle. Discard stalks, seeds and pith and cut the flesh into strips.

Dress them with fruity olive oil, sea salt and black pepper. Add a dash of lemon juice, also a smidgeon of very finely-chopped garlic if liked. Toss and leave to marinate for at least one hour. Overnight is better.

To serve, lay the peppers on a bed of rocket leaves and scatter another handful of rocket over them. Drizzle the marinade juices over the leaves and scatter with thinly-shaved curls of Parmesan cheese.

***POTATO, TOMATO AND* WATERCRESS SALAD**

Adapted slightly from Dorothy Hartley's *Food In England*, this makes a delicious and useful light lunch dish.

Skin and slice 1lb or so of well ripened and richly flavoured tomatoes. Lay them in a shallow dish. Season lightly with salt and pepper and sprinkle generously with chopped mint and chives.

Steam or boil an equal weight of thickly sliced La Ratte or Charlotte potatoes. Drain well and dress them with a few spoonfuls of well seasoned single cream (or with a dollop of home-made mayonnaise thinned with milk to the consistency of single cream).

Lay the potatoes, as soon as cool, over the tomatoes. Scatter a few stoned and halved black olives here and there, cover with a close carpet of watercress sprigs, and drizzle a soupçon of olive oil and vinegar over the whole lot. Two to three parts oil to one part vinegar works well here, and balsamic vinegar is to be recommended.

MANGO WITH PRAWNS, CORIANDER AND LIME

The essential ingredient here is that elusive commodity, a well ripened mango. Not, alas, something my gardening neighbours can supply, but easier to buy (and often cheaper) at this season than at other times of the year.

Allow a handful of North Atlantic prawns per person and one perfectly ripe mango between four people for a first course.

Shell the prawns, saving the heads and other debris for soup. Season the shellfish with sea salt, black pepper and freshly squeezed lime juice. Toss and set aside while you peel the mango and cut its flesh into crescent moon slices.

Both the scent and the taste of the fruit should be lusciously rich. If it smells as though wiped with a turpentine rag, abandon it and use a couple of nectarines instead.

Mix the mango gently with the seafood and its juices, scatter with a little chopped green coriander, and garnish with wedges of lime.

PERSPECTIVES

Lord Lawson expands on his personal view of the free market as an economic philosophy

A paean of praise to capitalism

THROUGHOUT the western world, and notably since the coming into office of the Thatcher government in the UK in 1979 and the Reagan Administration in the US in 1981, capitalism has appeared to be in the ascendant and socialism in retreat. During the 1980s much of the developing world, too, came belatedly to recognise the benefits, and adopt the policies, of the market economy.

In eastern Europe, the collapse of Communism and the command economy has revealed a landscape of economic failure, poverty, and environmental degradation on a scale that few had believed possible. The most passionate supporters of the capitalist market economy today are to be found among the ablest of the new leaders of these countries.

It is not surprising that people give of their best in a climate of freedom, within a legal and institutional framework of order and justice. Nor is it in any way surprising that the rational decisions needed to make a modern economy even halfway efficient can be taken only by a multiplicity of decision-makers armed with the knowledge provided by a myriad of market prices.

Yet, while its practical success, and its demonstrable superiority over all known alternative economic systems, is no longer open to question, capitalism is still widely seen as morally suspect.

Why should this be so, given its unrivalled and proven ability to improve living standards and eliminate large-scale poverty, and its unique harmony with the political virtues of freedom and democracy? In part, the explanation lies in sloppy thinking. There is a frequent tendency to contrast, consciously or subconsciously, the market capitalism we know, with all the faults and flaws we see around us, with some ideal economic order which would, almost by definition, be free of these imperfections. But in an imperfect world, the only valid comparison is with other systems which actually exist.

Similarly there is a parochial predilection to blame the moral failings of man on the nature of the politico-economic system in place where the critic happens to reside.

But in the case of the alleged moral failings of capitalism, it has to be conceded that there is rather more to it than that.

Morality, as most people see it, is a matter partly of motivation and partly of outcomes. And market capitalism is widely seen as defective in both respects So far as motivation is concerned, it is seen as a system based on self interest, the very antithesis of morality. For what is the essence of a moral code if it is not the curbing of selfishness and self-gratification? As for the outcome, while the population as a whole might benefit from capitalism, that benefit is shared to an unequal extent that many feel *ipso facto* immoral.

It is these two characteristics, self-interest and inequality, that largely explain the alleged moral deficiencies of capitalism. Let me take them each in turn.

A regard for one's self-interest is a prominent feature in the make-up of almost all mankind. It is not the only feature, but it is a uniquely powerful one. Moreover, it is hard to see how, without it, a large-scale free society could possibly be governable. A socialist or statist government, besides its apparatus of restrictions and controls, creates, through the tax system and grants of one kind and another, inducements designed to encourage those forms of economic behaviour it believes to be desirable. But unless people sought to advance their self-interest, these inducements would clearly be ineffective.

The characteristic of market capitalism is not that it alone is based on the idea of channelling self-interest for the greater good – not that there is anything wrong with that. It is rather that it is a unique mechanism for doing so directly, with the least interposition of government.

Why, then, is market capitalism alone thought to be based on the allegedly morally disreputable concept of the pursuit of self-interest? Partly, perhaps, because Adam Smith, more than 200 years ago, was so disarmingly honest about it. Those who seek to commend a politico-economic system are expected to be decently hypocritical, and to flatter their audience in loftier tones.

But it is also partly because, whereas capitalism is customarily discussed in terms of the motives of the governed, socialism is usually considered in terms of the motives of those in government. Even that, however, is very much a distinction without a difference.

There is little practical evidence that politicians and bureaucrats are wholly altruistic beings, on a higher moral plane than vulgar businessmen - as that admirable television documentary, "Yes, Prime Minister", has well illustrated.

It is true that in a country such as ours, where pecuniary corruption is rare, there is the distinction that, whereas businessmen seek financial reward, politicians seek votes.

But that is no basis for according moral superiority to a system in which more decisions are taken by politicians and bureaucrats, and fewer by businessmen and ordinary people.

Moreover, there are important positive moral arguments in favour of market capitalism, quite apart from the freedom and liberty on which it is based, and the beneficent results to which it has led.

In the first place, to the extent to which it gives greater freedom than other systems – albeit still within strict limits, set by the rule of law for the peaceful pursuit of self-interest – in practice that means the natural desire of men and women to benefit not merely themselves but

also their family and their children.

To my mind this is a vitally important extension, not to be dismissed as genetic selfishness. When parents neglect their children (or worse), as in recent well-publicised "home alone" cases and the like, we do not regard this as a lack of genetic selfishness, but with horror as morally unacceptable behaviour.

Hence the infallible rule that tyrannies always seek to weaken if not destroy the family.

Another key feature of market capitalism is the private sector, nonmonopolistic, firm. Capitalism is sometimes portrayed either as monopolistic exploitation or an unattractive competitive jungle, where the values of co-operation are

Free markets work well, but so does the law of the jungle. Therefore even some Tories worry about the unacceptable face of capitalism. This week at the British Association's annual conference, Lord Lawson, former Conservative Chancellor and leading thinker of the Thatcher era, offered a robust defence of capitalism, as not only the most efficient economic system, but as one which may claim moral superiority. Here we print an edited version of his talk

lost in a free-for-all. What this overlooks is that the private sector firm itself provides a model of effective co-operation.

These two institutions, the family and the firm, come together, of course, in that much-derided corporate entity, the family business.

While more important at earlier stages of development than later stages, and in some cultures than in others, I suspect that the value of the family business and the culture it represents has been insufficiently recognised.

But while the misguided moral critique of market capitalism as irredeemably selfish has been allowed to acquire considerable resonance, an even more powerful ground for moral disfavour has been the inequality to which it leads.

Subordinating one's own personal interest to that of one's family is not the beginning and end of altruism, to be sure; but it *is* the beginning.

The family, which looms large in the scheme of market capitalism, is not only the foundation of a stable society, but an important bulwark against tyranny – as, of course, is the institution of private property, the more widely spread the better.

Yet in these terms, the closer the charge is examined the less impressive it appears. There is clearly no principle of equality that has any conceivable merit. Equality in misery is of no value to anyone. Nor is it clear whether equality should be considered within the context of the nation and society in which we live or in the wider context of the world as a whole. Even in the narrower context, it is doubtful if there can be more than a tiny minority of eccentrics who wish to see a society in which absolute equality is the rule. Yet once it is accepted that there must be inequality, the principle of equality (if there ever was one) has been abandoned, and we are left not with morality but with something that looks rather like an amalgam of aesthetics and envy.

Not that absolute equality, or anything approaching it, is possible anyway (which is one good reason why it has never existed anywhere, at any time). For one thing, there is more than one dimension of equality: it is not simply a matter of income and wealth. In particular, the closer to pecuniary equality a government seeks to move, the greater the coercive powers needed to achieve this, and the greater the inequality of power between government and governed.

Moreover, absolute equality, even in the sense in which it is theoretically attainable, must of necessity lead to misery. If there is to be no greater reward for work or saving or effort of any kind than is meted out to those who decline to work or save or make any effort, then remarkably little work, saving or effort will be undertaken. This is not simply an elementary economic proposition. It is also intimately connected with a more robust moral sentiment: that associated with equity and desert. If two people are working at the same job, with equal skill, and one chooses to work overtime while the other does not, failure to pay the former more would be seen as not merely self-defeating but grossly inequitable.

It is true that large disparities in rates of pay can give rise, particularly when hyped up by the populist press, to storms of apparent moral outrage. But this has nothing to do with attachment to any principle of equality. People do not expect some third division nonentity to be paid the same as Eric Cantona, nor me the same as Pavarotti, should I inflict my singing on you.

For all these reasons, the egalitarian argument is usually couched in terms of *more* equality. However, once the legitimacy of egalitarianism is accepted, however much equality there is, the cry will always be for more of it.

It is, moreover, the combination of the *insatiability* of egalitarianism with the impossibility of achieving equality that causes the elevation of equality into the touchstone of political morality to be a recipe for maximising discontent. In a sense, indeed, it is positively immoral.

However, although market capitalism is the best system ever devised for the avoidance of large-scale poverty and for enabling the poor to improve their lot, it manifestly does not ensure the elimination of poverty altogether. That is why voters rightly expect any government to operate a social security system for the relief of poverty, and why all governments, however wedded to market capitalism, in practice do so.

There are obviously a number of practical questions involved in this. It is not merely a case of how poverty is to be defined, but also whether relief should be targeted or part of some universal benefit (overwhelmingly the former, I believe), whether other dimensions such as age should be taken into account whether relief for the unemployed poor should be linked to some form of workfare (I believe it should), and so on.

But the key point is this. So far from making a case against market capitalism, the existence of an underclass is a challenge to find a means of minimising its size and saving those in it from degradation without in any way undermining market capitalism or detracting from the benefits that system has proved itself to be uniquely capable of providing.

Just as the sensible successful businessman who seeks to help those less fortunate will do so not by changing the way he runs his business but by applying part of his personal wealth to philanthropy, so the wise government will best help the poor not by interfering with the market but by creating a well-designed social security safety net alongside it.

Throughout modern history, market capitalism has sought to rest its case on its practical success – a relative success which, over the past five years, events in central and eastern Europe have shown in a particularly telling light. Socialism, by contrast, has been forced by practical failure onto the high ground of morality.

Perhaps we could leave it there. Perhaps we should adapt the description of the Roundheads and Cavaliers in *1066 And All That* and accept that capitalism is right but repulsive, whereas socialism is wrong but romantic. But I would not feel comfortable in doing so. Success, which is inevitably incomplete anyway, will sooner or later always be taken for granted, and then the moral assault, if unanswered, will gain ground.

At the very least, if we are to live within a market capitalist system, it is unsatisfactory that we should have doubts about its moral foundations. One or two recent speeches even by some members of the present government betray a worrying insecurity in this context.

In seeking to repudiate the moral critique of capitalism, and to suggest that it should not be held responsible for the moral imperfection of man, I do not need to win my case. For even a stand-off in the moral dimension is enough to allow market capitalism's undoubted superiority in the world of practical achievement to win the day.

Motoring/Stuart Marshall

Still very working class

THE RUSH into the recreational on-off/road 4x4 market has seen the Land Rover and Daihatsu Fourtrak (photographed right) put up a stout fight against gentrification. The Land Rover Defender, although equipped some years ago with the Range Rover's more civilised underpinnings, remains a working vehicle.

Some might say it is now the smartest 4x4 of all in which to be seen because it implies, first, that you have broad acres and, second, that you suffer its discomforts gladly because you – or your men – must be able to drive to the furthest, muddiest parts of your estate loaded with straw bales or Fortnum's hampers.

Capable though they are off road, most of the Shoguns and Troopers, Discoveries and Mavericks, Cherokees and Fronteras, Land Cruisers and Vitaras are seen on school runs and in supermarket car parks, not axle deep in mire. As *Glass's Guide*, the car trade's bible, noted the other day, these life-style on-off/roaders bucked the recession and sales are reaching new heights. They are bought by seekers after individuality, many of whom had found their beloved hot hatchbacks no longer insurable at sensible cost.

The Daihatsu Fourtrak never really fitted the recreational mould, though. It was a worker, with simple leaf springs and a beefy diesel engine. Farmers love Fourtraks. You see a lot of them, battered and long suffering, hauling sheep trailers in the wilder parts of Britain.

The life-style market is, however, too big to be ignored and Daihatsu wants a larger slice of it. So, the latest Fourtrak has independent front suspension, a coil sprung back axle, wheel arch extensions to accommodate fatter tyres, and a wider track. The car-like interior seats five, or seven if you sacrifice all luggage space.

It still feels rugged, and it banged about resiliently on moorland tracks on the Isle of Man where I drove one recently. The on-road ride and handling are much better than before although, as the wheelbase is still fairly short, it is more inclined to pitch on minor roads than, say, a long wheelbase Shogun, Maverick or Frontera.

One is more aware of its 2.8-litre, 100 horsepower turbo-diesel than in an ultra-refined, Nissan-built Ford Maverick or Terrano II. Not that this is likely to trouble the traditional kind of buyer who pulls a two-horse trailer; a Fourtrak tows up to 3,500 kg. Prices are £15,650 for a TDL, £16,895 for the better equipped TDX.

Sport/Martin Jacques

Putting the fun back into racing

ON Bank Holiday Monday, nearly 20,000 people crammed into Thruxton, a rather basic and unassuming circuit near Andover in Hampshire, for the latest round of the British Touring Car Championship.

This is about the same number of people that insiders claim attended the European Grand Prix at Donington Park in April. It is a far cry from the few hundred devotees that will attend the average Thruxton club meeting.

The success of the BTCC comes when motor racing is feeling the pinch after the heady days of the 1980s. The most publicised case is Formula One, motor racing's flagship, where crowds have been sharply down at many grand prix and dull racing has provoked something of an existential crisis.

Move outside the exotic world of Formula One and motor racing is in a parlous state.

The international sports car championship collapsed because of lack of interest from manufacturers and the public. Formula 3000 and Formula 3, the two major single-seater series which act as the breeding ground for Formula One, attract pitiful attendances.

Against this depressing backdrop, the BTCC is regularly attracting crowds in excess of 20,000 in this season's 17-race series, not only at the showcase circuits like Silverstone and Brands Hatch, but also the more obscure ones.

Of course, saloon car racing has always had what might be described as a certain basic appeal.

I remember as a little boy going to my first race meetings in the 1950s and watching the big Jags wallowing like small boats through the corners, their thin tyres screeching for grip.

But the present extraordinary popularity of touring car racing is a recent phenomenon. The key moment was the decision in 1990 to confine the cars to a single class of two litres followed, in 1991, by the ceding of control over the series to the Touring Car Association (TOCA).

A new and coherent philosophy came to inform the series. The single class promised close racing. The decision to ban gizmos like traction control and ABS had a similar effect, while also helping to restrict costs.

The emphasis was entertainment rather than technology. The drivers are paraded round the circuit before the race. Unlike in Formula One, where the numbers on the cars are now so small that one is reduced to identifying the drivers by the design of their crash helmets, the name of the driver is clearly emblazoned on the side window.

Darron Heath

Touring car racing: the bright star of motor sports

There is a conscious effort to give motor racing a family appeal. Each race is promoted on television and in the press. Races are shown on BBC Grandstand. As Alan Gow, the managing director of TOCA, said: "If we didn't have television, BTCC wouldn't be where it is".

The package has attracted manufacturers in droves. There are now eight works teams – Vauxhall, Ford, BMW, Toyota, Nissan, Renault, Mazda and Peugeot – with several, including Mercedes, Audi and Alfa Romeo, reputedly waiting in the wings.

Manufacturer involvement in Formula One looks puny in comparison.

The attraction is obvious. The costs are reasonable: in the region of £1.2m per season for a two-car team. The promotional value is considerable. And, with the racing close and unpredictable, there are many winners and few losers over the course of a season. The BTCC has hit upon a successful formula, with crowds, TV, sponsors and manufacturers seemingly forming a virtuous circle.

The message of BTCC coincides with that of Nicola Foulston, proprietor of Brands Hatch, who threatens to become the enfant terrible of the motor racing establishment – a status owing not a little to the fact that she is a 26-year-old woman operating in a man's world.

Foulston is critical of "the old blazers and cravats" who have long dominated the domestic scene and she is not afraid to make some pungent and apposite remarks about Fisa, the governing body of motor sport.

She asks many of the right questions: how can motor racing reach out to a new public; what should it do for the spectator (who is taken for granted in a manner which has led to much soul-searching in other sports such as soccer); how can it create new and successful formulae (not least in view of Fisa's failure in this area), and how can it compete in the entertainment industry?

Toca's Alan Gow has a similar refrain: "Motor racing has to broaden its appeal from the enthusiast to the casual spectator. It is competing for their disposable income. The Oulton Park circuit is in the same market as Alton Towers."

The immediate inspiration for the BTCC series comes from the German touring car championship, which is attracting crowds of more than 70,000, rather larger than most grand prix. But Gow's eyes are set west. He believes the American experience is the most instructive.

There is growing recognition that Indycar racing has much to teach Formula One, with the latter grudgingly admitting as much this season by enrolling in a crash course to try and learn the lessons.

But Indycar is by no means the most successful American series. That honour belongs to NASCAR, the American oval saloon car race series. Gow is emphatic: "We take our lead from NASCAR and drag racing".

The success of the BTCC could be a straw in the wind for a sport which is crying out for new thinking. It looks outwards in contrast to the old club mentality which set its sights firmly inwards. It believes in the spectator, where Formula One has only had eyes for the television cameras.

Finally, perhaps the BTCC is telling us something else. Could we be moving into an era in which touring car racing replaces single-seaters as motor racing's biggest draw?

MOTORS

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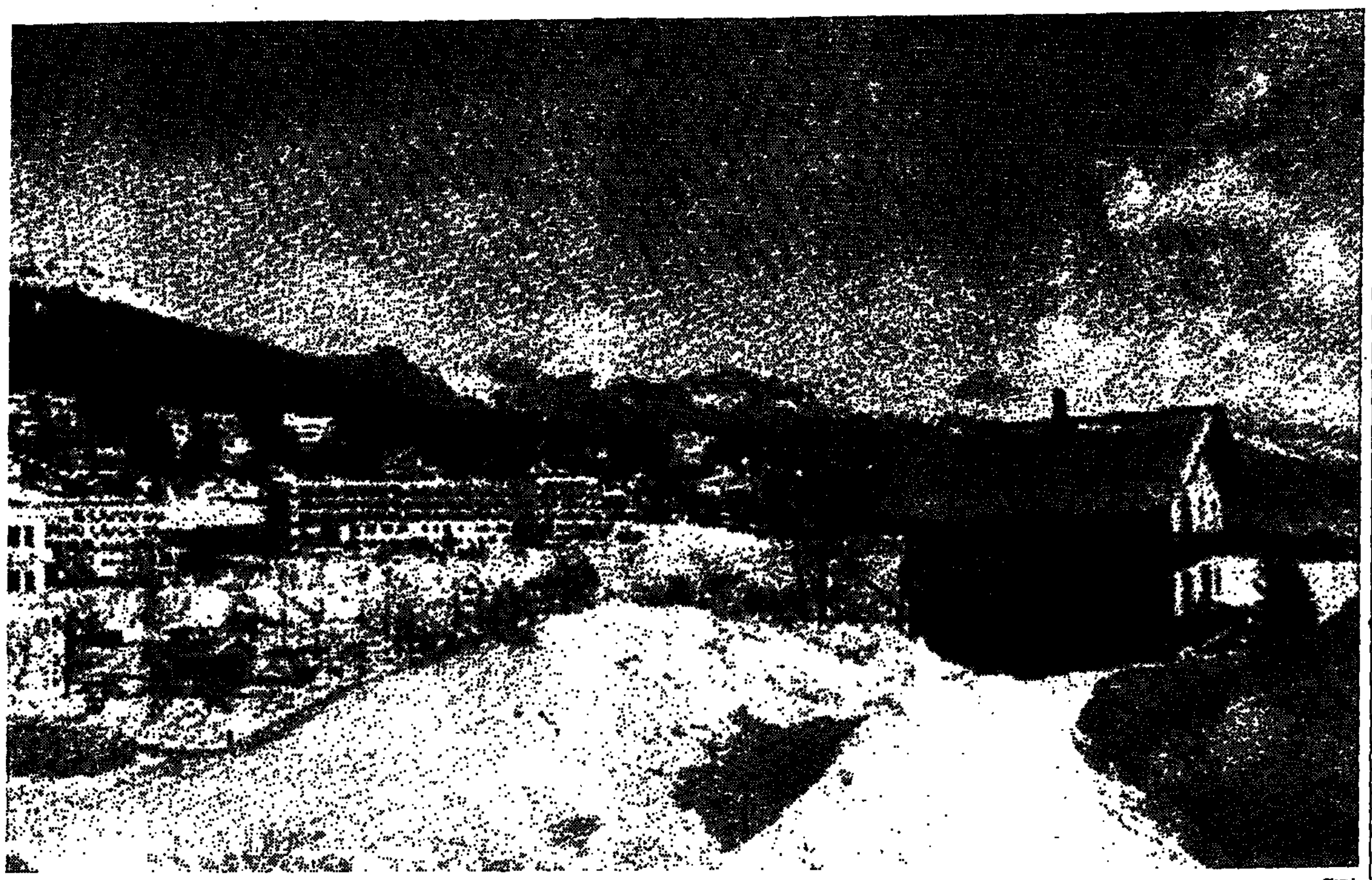
PROPERTY

Not impossible – just difficult

Ian Rodger finds that foreign buyers still face a host of obstacles in Switzerland



The appeal of Crans Montana . . . with plenty of skiing over 2,500 metres, it has sold out its 1993 quota for foreigners. Other places are not so fortunate

Glogel

THE NEW factor in the already immensely complicated process of trying to purchase Swiss vacation property is altitude. With the recent trend to milder winters in central Europe, many formerly popular resorts no longer have secure supplies of snow and, consequently, it seems that their attraction to the foreign buyer is waning.

Take, for example, Crans Montana and Villars. Crans Montana, a resort in Valais with a lot of skiing over 2,500 metres, has sold out its 1993 quota for foreigners already. Villars, a resort above Montreux that has long welcomed foreigners, is having a tougher time and, recently, pleaded with the authorities to ease the buying restrictions on them. Among other well known resorts that have little or no skiing above 2,500 meters are Grindelwald, Arosa, Morgins and Gstaad, although most of them have other attractions to compensate. That is just as well, because hopes last year that the panoply of restrictions on foreign buyers would be lifted in the near future have been dashed.

The plan was that Switzerland would join the European Economic Area (EEA), the proposed expanded free trade zone among the 12 countries of the European Community and the seven members of the European Free Trade Association (EFTA). Under the EEA treaty, Switzerland would have had to accept the EC's so-called four freedoms, including the right of any citizen of the area to own property anywhere within it.

Both Switzerland and Austria, which foresaw hordes of Germans descending on their choicest alpine valleys, managed to negotiate the maximum five-year transition period before their property markets would have to open. The most threatened communities would probably have passed by-laws putting severe limits on *all* property transactions (acceptable to Brussels because they were non-discriminatory).

On December 6, however, a majority of Swiss voters rejected the EEA treaty. So, for the moment, the situation in Switzerland remains, if not totally impossible, quite difficult. The federal Lex Friedrich simply prohibits investments in property by foreigners. In fact, there are exceptions, which is obvious to anyone who thinks of the procession of famous people – from conductor Sir Georg Solti to golfer Nick Faldo – who have retreats in the country. A foreigner who has a permanent resident's permit, for example, can buy anything he wishes. A foreigner who has to work in Switzerland can buy his principal residence there.

Foreigners also can buy vacation homes in the most popular alpine cantons – Graubünden, Ticino, Valais, Vaud and the Bernese Oberland – but only subject to a maze of limitations. First, there is an overall national annual quota on sales to foreigners which is split among these cantons. But individual communities retain the right not to participate. Several of the most famous ones, such as Zermatt, St Moritz, Saas Fee and Davos have stopped allowing foreigners to buy chalets and apartments. Some are even indulging in ethnic cleansing, insisting that, when a foreigner sells, only a native can buy.

Then, there is a limit on the number of properties in any given development that can be offered to foreigners (usually about 30 per cent) and a limit on the size of property a foreigner may buy (100 square meters of living space and 1,000 square meters on the total property). But these space limits apply only on developments authorised after 1986, so older properties may be larger.

To discourage speculation, the authorities insist that a foreigner must not re-sell his property within given periods – for five years if to a Swiss, or 10 years to another foreigner. And, finally, in the typically thorough Swiss way, purchases by foreigners must be vetted by the police and approved by both local and national governments. "Many people are put off by these laws, but people do still buy," says Jean Pierre Bernini, an agent with Revac in Geneva. "The motivation is perhaps less a holiday home as such but more the fact that it is a safe country with a strong currency and completely independent of an uncertain European scenario."

David de Lara, of David de Lara & Partners, a London agency specialising in Swiss vacation property, also emphasises the investment angle. "At the very worst, you will get the price you paid for a property. Look at the people who bought in France and Spain. Now, they are stuck."

Of course, safety, stability and independence do not come cheaply, and the recent round of currency devaluations in many European countries has made Swiss property even dearer for the foreign buyer. And while Swiss urban property prices have declined sharply in the past three years, vacation properties have held up reasonably well. Prices for properties available to foreigners have held up even better, mainly because of the quotas.

An 80 sq metre, two-bedroom flat in Villars is still going to cost at least SFr300,000; (£136,370) in more trendy Gstaad, perhaps three times as much. That charming, traditional, fully detached chalet with a garden on an alp costs rather more – unless you are willing to be in a less popular area. De Lara offers chalets from £180,000 in places such as Champéry and Auxère.

Potential purchasers should be aware that the quotas also apply to re-sale. In other words, if and when you come to sell your chalet or flat to another foreigner, that transaction would have to be authorised from within the annual quota for the locality. And, naturally, the authorities give priority to applications for new developments when allocating their quota. So, there may be a delay of some months before the sale can be made.

Following the defeat of the EEA treaty, the Swiss federal government has adopted a policy of implementing as much EC compatible legislation as possible. Thus, it is planning to review its policy on foreign property ownership in the autumn, with a prospect of less restrictive legislation being introduced next year. But the word in Bern is: don't hold your breath.

Thailand beckons

IF YOU VIEW Florida as too dangerous and Tuscany as yesterday's scene, then Thailand could be the place for your holiday home. So says a British agency which can arrange for you to have a house built there by a company* with a British managing director. It has sites for two developments of six to eight houses on the Thai island of Phuket. One, at Kamala Bay, is close to a palm-fringed beach which is largely undeveloped and sweeps in an arc for nearly a mile.

The design of the detached guideline house will be a modern adaptation of Thai style with a steeply pitched roof, concrete frame, rendering or plasterwork, ceramic tiling and a lot of teak. There will be three bedrooms and balconies, living and dining rooms, a maid's room and a garden. Specifications can be amended for individuals.

A foreigner cannot own land freehold in Thailand but he can lease it, and any building on leased land can be sold separately. Leases can be up to 90 years (30 years plus two pre-paid 30-year extensions).

The total price of a house on Phuket, including 90-year lease and purchase costs, is likely to be from £140,000 up and there is an annual lease administration fee of about £400. To offset the costs, however, there is a lot of foreign demand for renting.

Land prices in Thailand are low compared with other countries, says Jeremy Adler of Villas Abroad (Properties) which is handling the Phuket project. You can build at any time within three years after signing up.

Thailand (once Siam) is a constitutional monarchy about the size of France. Phuket, about 30 miles long, is off a peninsula on the west coast near the Malaysian border and is reached by a causeway. Apart from Patong, which is lively and colourful, most of its resorts are small, but it does have its own airport.

Many might see the 14 hours' flying time from London (including transfer at Bangkok) as a deterrent, and return air fares can be anything from £500 to £1,500. But long-haul destinations have become popular with some holiday-makers bored with resorts close to home and full of fellow-Britons.

**The development company offering these properties is Phuket Land and its British managing director is William Pinsent. Villas Abroad (Properties) can be telephoned on 081-891 5444. Information about land-buying in Thailand can also be obtained from the country's information service, tel. 071-584 5421.*

Audrey Powell

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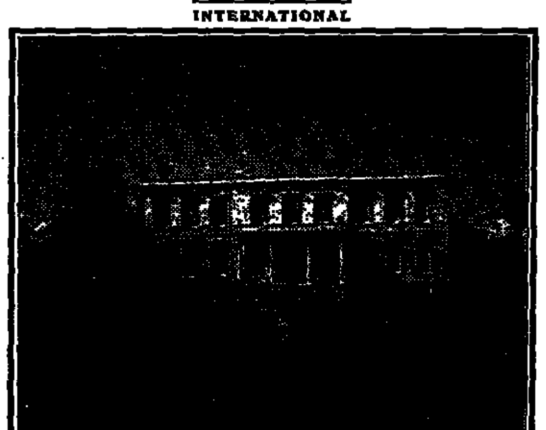

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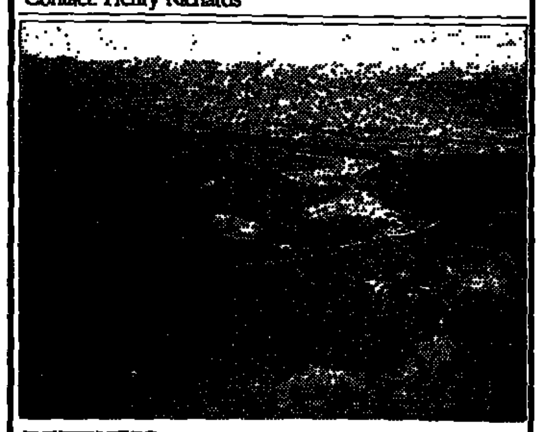

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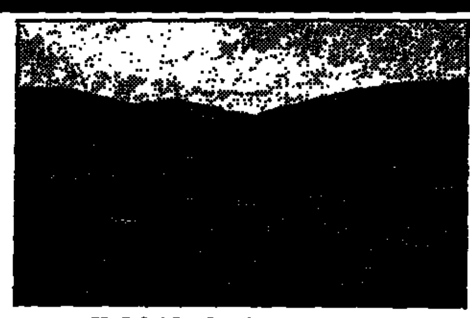

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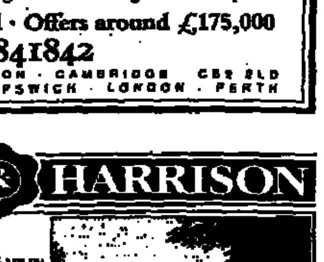

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GARDENING

Erratic but worthwhile favours from Madonna

***Robin Lane Fox** considers the lilies and how they grow and urges you to fix your attention on a marvel of midsummer*

RECENT evenings have been perfect for garden watchers; the ground is too hard to allow weeds to be pulled out and, instead, we can all trowel in the coolness, enjoying the late phases of a wonderful gardening year. Thus, I hate to disturb your peace; but, during the next week, there are opportunities for up-grading which might slip your notice.

The most obvious, of course, is the ordering of next year's bulbs. Be warned that it becomes ever harder to plant the early varieties in rough ground because the autumns are now dry and the earth is baked firmly.

As I try to ram a bulb-planter into rough grass and fit a daffodil underneath, I am reminded of those Israelites in Egypt making bricks with useless materials. If you want an exodus, or way out, choose bulbs which you can plant in the softer surface of flower beds.

My Top Six start with the wonderfully blue little iris, Histrioides Major, which will resist the worst weather, and narcissus February Gold, which seldom flowers in February and is not gold, either, but a bearable yellow at a manageable height of 1ft. I prefer the small-flowered crocusses, of which chrysanthus Blue Pearl and Cream Beauty are simply the best and will last for ages.

Among the smaller tulips, I prefer Batalinii Bronze Charm because its colour is unique and its stamina exceptional at a height of about 6in. Of the later bedding tulips, I pick Sweet Harmony, in a lily-shaped yellow, and Queen of Bartigons, in a tolerable pink, which I owe to the sharp eye of the late Lanning Roper. Anemone blanda, either in mixed or single colours, runs off the list at ground level wherever the soil is light and sunny so that the flowers open fully.

The Top Six does not mean that there is not another Top 50, but a short-list helps to concentrate disagreement. I have found that none of these bulbs does the usual tulip trick of disappearing after one good year. I also find that a few bulbs, spaced out in clumps, make much more of an impression than those great sweeps by the hundred which are the neurotic reaction of those who believe they can buy gardening, rather than think it through.

Bulb ordering directs our minds to spring, but the less obvious jobs direct us to winter and mid-summer. Just now, you have a rare chance to bag some winter irises. These are the forms with rushy leaves and exquisitely blue flowers which are at home in Algeria and are sold in the UK at varying prices as Unguicularis.

Most of the experts believe these plants will transplant or divide most happily in September: in my long experience, they seem to be right. If you can find an owner of an established clump, you are in with an excellent chance.

At present, these winter irises look scruffy after a dry spell, and anyone could be persuaded that they would be improved by gentle division. Claim a piece for yourself, confident that you are doing no harm: my favourite, if you can find it, is the darker blue form called Mary Barnard.

These irises are heaven-sent from early February onwards, perhaps even earlier. Their natural companions are the Lenten roses or forms of helleborus Orientalis.

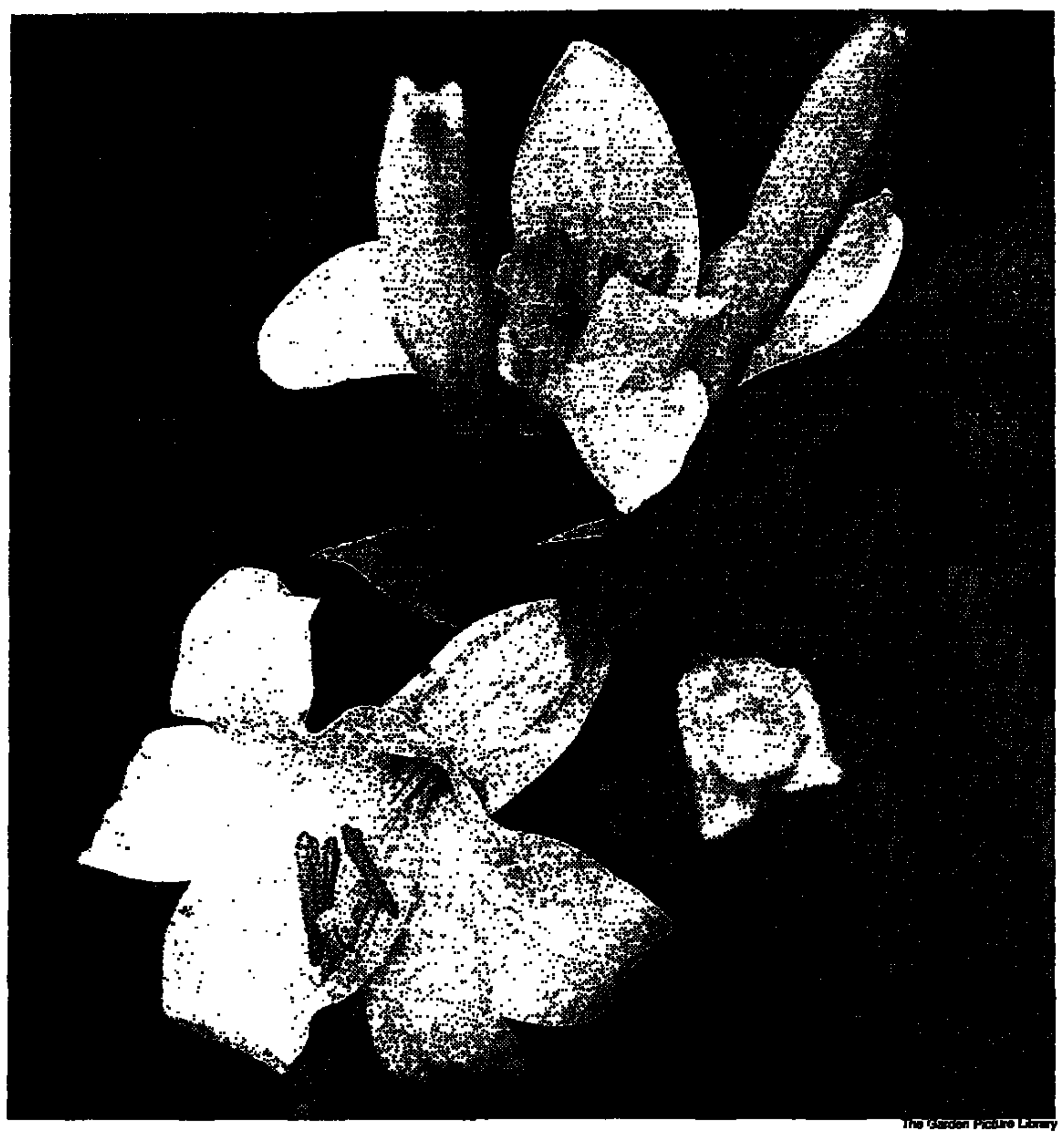
The basic commandment of hellebore fanciers is that they fancy somebody else's variety. Now is the time to strike here, too: during the next week, you can still divide old groups of these plants into pieces of a single stem and pot-up the divisions without harm.

I learnt this late tip from a great grower, the late E.B. Anderson. By the time I knew him, he already had six gardens and 60 years' experience behind him, and I have found that his advice is usually the best.

Further into the future, fix your mind on Madonna lilies, those white marvels of mid-June which might seem thoroughly out of the news this month. Not at all: now is the moment for ordering and planting them, a chance which is often missed because they need earlier attention than other lilies in the trade.

Madonna lilies are unpredictable in their favours: either they like your garden or they do not, and surveys suggest there is no connection between their favour and virginal habits of their owners. The important thing is to plant them this month, a few inches deep and preferably in soil which is full of lime and quite stony. If you are wondering which lily is a Madonna, it is the one which has confronted you on Tuscan holidays in Italian paintings of the Annunciation.

For a nativity at Christmas, a Madonna lily has always struck me as a pre-natal anachronism: how could Gabriel have found one in full flower in March, assuming that the unusual pregnancy was of the usual duration? Angels, no doubt, do not place bulb orders; still, this painterly muddle of the seasons at least reminds us to act when we might otherwise forget and order and plant this superb lily now.



The Garden Picture Library

Madonna lilies: now is the hour for ordering and planting them

Strictly no secateurs in Hackney

***Marilyn Bentley** strolls around the transformed plot of land adjoining the Geffrye Museum*

EXCEPT IN an alphabetical index, Hackney and horticulture are not obvious bedfellows. But 300 years ago, the area east of the City of London was a notable centre for nurseries, gardens and gardeners. That tradition inspired Christine Lalumia, of the Geffrye Museum of the British Domestic Interior, to turn the derelict plot of land adjoining the museum into a herb garden.

Opened in 1992, the garden was the first flowering of the Geffrye's new status as a charitable trust. The construction of the outside "room" was a new departure for the museum. English Heritage consent was needed for the proposed alterations, which included letting doors into two "listed" walls using a specially crafted oak lintel, and building a third wall of used London bricks to replace the corrugated iron boundary fence.

The plan of the 50ft square garden is derived from monastic designs: geometric paths and intersecting beds, with space for a well-head in the centre. The beds are stocked with 170 varieties of herb. Climbing plants, such as roses, clematis, and jasmine, have been introduced to colonise the trellises and the three arbours, adding aesthetic interest and colour.

The garden has developed almost like a tapestry in the course of planting and growth. Rather than following any chronology, the plants are arranged according to function: household; medicinal; cosmetic; and so on, creating a living exposition of the uses to which herbs have been put in the past.

In a bed devoted to plant dyes you can find woad, used by the Anglo Saxons for cloth and for war-paint. There are culinary herbs such as chives, sage, sorrel and bay, and for the Elizabethan salad, which might include 50 different ingredients, parsley, chicory, rocket, primrose flower and nasturtium.

Among the medicinal herbs are wound wort, the *herba militaris* of legend, which Achilles used in the siege of Troy to stop his soldiers' wounds. Feverfew was used to ease migraine, and St John's wort as a sedative.

In another bed is growing proof that herbal cosmetics did not start with Body Shop. Skin cleansers were made with wild strawberry and lupin seed, freckles lightened with ladies' mantle, hair tinted yellow with calendula. Among the household herbs is soapwort, once used by the Romans for cleansing delicate fabrics.

As well as its obvious function as an educational resource, Lalumia's project encompasses the traditional ideal of a herb garden as a place of tranquillity and repose. There is little enough opportunity for either among the dreary council flats and derelict warehouses which dominate the area, but visitors are encouraged to enjoy the garden as a "hands-on" experience, touching and smelling the aromatic plants which grow beside the seats.

She also sees the garden as an inspiration to aspiring gardeners, although "I live in fear of ladies with secateurs," she confesses. "I hope people will respect the garden enough *not* to take cuttings!" Herb seeds are sold in the newly expanded shop, and in the future she hopes that cuttings from garden stock will be available.

Access to the garden is via a spiral staircase leading from the museum's discreetly expanded entrance foyer, the first phase of a series of projected developments culminating in a new building intended to house a collection illustrating the 20th century interior. Meanwhile, the herb garden flourishes as a living museum which – like the best of furnishings – is both functional and decorative.

■ *The Geffrye Museum Herb Garden, Kingsland Road, London E2 8EA. Open April to October 10am to 5pm, 2pm – 5pm Sundays and Bank Holidays. Closed Mondays.*

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The King recalls

FRANCIS KING wrote *To The Dark Tower* when he was 23. Now, at 70 not out and 30 or so novels later, he is hard at work on a new one. In between there have one or two books of short stories, hundreds of reviews, and the odd biography. A "prolific writer" is what King calls himself in this book of memoirs, *Yesterday Came Suddenly*, and that seems absolutely right. Like Justice Shallow, whom he resembles in no other respect, King is "an early stirrer". He tells us that it is his custom to rise at 5 or 6am whatever the time of year and write for a couple of hours before breakfast, and then perhaps four more during the day.

His industry is legendary. Before she took up the law, the late Anita Ryan QC was a colleague of King's at the British Council in Florence. She had an abiding memory of King in the half-hour break between classes repairing to the staff common-room, brushing aside offers of coffee, impervious to chatting groups, as he sat apart at a table to work at his next novel before resuming work for the Council.

The story of this entertaining book is that, industrious as he was, writing novels could not in King's case become a full-time job until recently. It had to be combined with such chores as running the Council office in Kyoto, a seven-year stint as drama critic of the Sunday Telegraph, and the honorary occupation of presiding over international PEN.

He also describes himself as being very sociable, and here again one cannot quarrel with his choice of epithet. No-one can have made more friends and kept more of them; many were fellow-writers, people such as Ivy Compton-Burnett, Olivia Manning, J R Ackerley, Robert Liddell, Elizabeth Taylor. King has had lasting friendships with all of these as he has with many less eminent authors. He has a revealing anecdote or two about them all, never outrightly malicious but usually wildly indiscreet (e.g. Ackerley peeing on the sheets and the dog getting blamed). There are many other friends in different walks of life who throng these pages about whom King has witty, tender and insightful things to say.

I confess that I too have been a friend of King's for almost 50 years; ever since we met at Oxford just after the war. Why then are you reviewing his book? you may ask. Well, partly because I could not resist reviewing it and partly because King is not a man who pulls any punches about his friends' work; nor would he wish me to pull any punches when reviewing his.

The book reproduces the author's conversational manner, his riveting way of describing those extraordinary occurrences or coincidences that are constantly befalling him. Its weakness is that though it follows a chronological path from childhood in India to middle age and third age in Kensington, it lacks a firm structure and tends to rattle on until you become almost sated with anecdotes. But to anyone who has read his novels it fills many gaps in one's knowledge of the author.

His regular readers know, for instance, that he was born in Switzerland and partly brought up in India, where his father was a British officer in the police; India under the Raj was the setting for his novel *Acts of Darkness*. Now we have the full account of his uncle's murder and his father's death from the then incurable TB, the family's desolation, King's life in England as a "remittance child", his relations with his remarkable mother, who lived to be more than 100 and who inspired his novel *The Widow* (the one book of his she disliked), his schoolboy career at Shrewsbury where he was happy in spite of brutalities, his time at Oxford broken by the war, not in his case by military service but by farm-work. (He was a conscientious objector; he gives his past reasoning and present views).

YESTERDAY CAME SUDDENLY
by Francis King
Constable £16.95, 336 pages

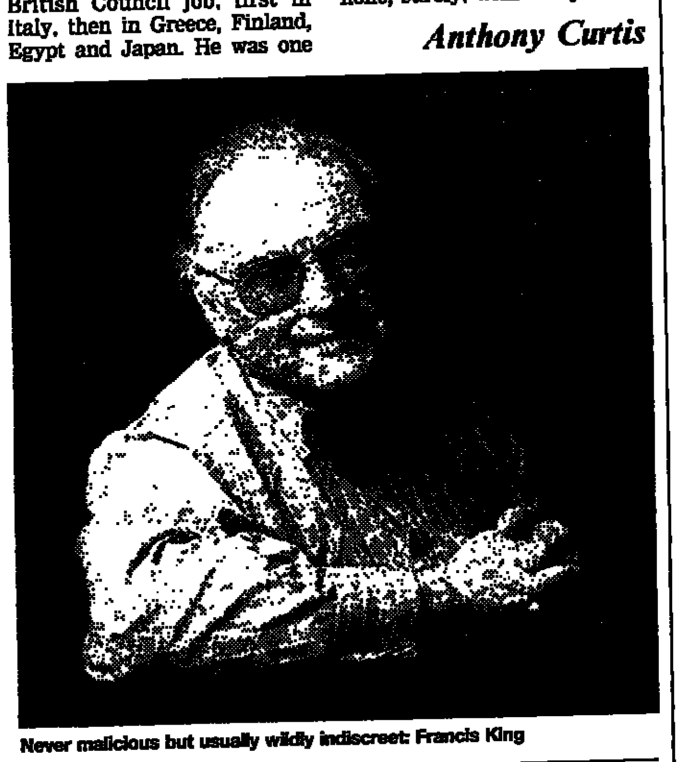
As a post-war undergraduate, with one novel published and poetry in *The Listener*, King, I recall, was aloof from undergraduate society. He seemed glad to go down and delighted to be appointed to a British Council job, first in Italy, then in Greece, Finland, Egypt and Japan. He was one of several writers employed at that time by the Council - Louis Macneice, Ronald Bottrall, D J Enright, James Kirkup - all of whom King remembers. Other colleagues included Francis Toye, the musicologist, and Roger Hinks, the diarist. King was a diligent worker for the Council and rose to become a director. He reveals that this was combined with a very full private life.

His accounts of his and other peoples' mainly homosexual amours are a hilarious replacement for the usual descriptive and cultural digressions in a book about countries where the author lived in happy, working exile. King took early retirement and resided for many years in Brighton - see *The Brighton Belle and other stories* - before coming back to London. It was in Brighton that he found himself involved in a prolonged and costly libel action started by a neighbour (see *The Action*) and Brighton where he met the love of his life, a man he first encountered through putting an advertisement in the local paper, requesting information about the work of a deck-chair attendant, for the purposes of a novel.

The last chapter describes how after their many years of happiness as a couple his lover died of Aids, and King himself afterwards underwent an operation for cancer. The mood changes here to *molto adagio* after the long joyous *allegro* of the middle section.

"I have often said" - King concludes - "that I am never happier than when I am writing. That is true. But it might have been better for me and for those close to me if it had not been so." Where is the writer who could not similarly reproach him or herself? But none, surely, with less justice.

Anthony Curtis



Never malicious but usually wildly indiscreet: Francis King

Of apes and men

LET US admit our fellow Great Apes - the chimpanzees, gorillas and orang-utans - to the same moral community as ourselves, thereby according them rights to life, to liberty, and to protection against torture - especially the kind of torture inflicted in the name of scientific research.

Such, in sum, is the message of this important and spectacularly fascinating collection of essays. Written by some of the world's foremost scientists and philosophers, it launches the "Great Ape Project", a campaign to bring our fellow apes within the sphere of ethical concern at present reserved for humans alone. And it does so in a highly readable and educative manner, crammed with wide-ranging discussions of apes' use of language, the evolution of the ape family, ape learning and behaviour, and lucidly written accounts of the project's philosophical and legal implications.

All the Great Apes are so closely related that there is a mere 1.6 per cent difference in the genetic constitution of humans and chimpanzees. The family trees of today's humans and chimpanzees stem from the same ancestors less than 7m years ago. Go back only another 2 or 3m years, and the human-chimp branch of the clan shares common ancestors with today's gorillas. Ten million years is a brief span in the history of life on earth. Yet we do not need to contemplate this tiny evolutionary divergence, or the genetic proximity between members of the Great Ape family, to recognise their kinship: it was obvious long before scientists measured it.

It is indeed because of this very genetic closeness that some of the Great Apes - chiefly, chimpanzees - are kept in captivity and subjected to medical experiments for the benefit of other Great Apes - namely, humans. Imagine this: a group of humans embarks on a colonial adventure, in the course of which they capture specimens of other humans from other continents, and exhibit them in their zoos - or, suitably stuffed and mounted, in their museums; they breed them in research laboratories for experimental purposes; they even hunt them for sport. Would there be much difference between this and the way we treat our fellow apes? Humans have done - and sometimes still do - these things to other humans, but we condemn their behaviour. The eloquent argument of this book is that subjecting our fellow apes to this treatment is equally wrong.

THE GREAT APE PROJECT
by Paola Cavalieri and Peter Singer
Fourth Estate £9.99, 312 pages

Chimpanzees do not have larynxes like humans, and therefore cannot vocalise as humans do. But they can use language. Several essays describe the acquisition of sign or code languages by chimpanzees, up to a developed competence similar to that of a two-and-a-half year old human child. This language-possession is genuine; it is not merely an elaborate mastery of tricks, such as a circus dog might display. Chimpanzees formulate novel sentences with which to communicate ideas and emotions, and they do so in the course of their relations with their human companions in an entirely natural way. This fact alone demands of us a radical shift in our attitudes to them: how can we speak to them and yet still expropriate their forest homes, lock them up in zoos, and inject fatal viruses into them?

Non-human apes, especially gorillas, were until recently demonised in film and literature. Their similarity to us was used not as proof of kindred but as a means of symbolising the supposed bestiality within us. When Dr Jekyll drank his potion he exposed a mythologized savage inheritance; in some depictions, his hands grow hairy, his brow beetles, his teeth enlarge: he becomes a horrifying gorilla-man.

In the popular imagination, if it is not violence then it is stupidity which marks the ape, betokened by tree-swinging, armpit-scratching and gibbering. One way to insult someone is to call him an ape. Yet our fellow apes are intelligent, inquisitive, affectionate and sociable creatures, with capacities for suffering and grief that match our own, and with a grave beauty and dignity to which many of these essays testify.

If you can think of arguments against treating non-human apes just as we treat human apes - if, in particular, you think they should be accorded fewer rights than humans - you will be sure to find powerful counter-arguments to your view somewhere in this rich spread of essays. The editors have performed splendidly in choosing and monitoring contributions in such a way that every essay is a model of lucidity, informativeness, and substance. Together the essays present an overwhelming case for a revision in our treatment of our fellow apes. The editors and contributors press for immediate acceptance of a "Declaration" which demands for all Great Apes the rights of life, liberty, and security from torture and experimentation. Their essays powerfully show why we should agree.

A C Grayling

Critical outsider who thrived on support

A fine biography highlights the still unresolved contradictions of a brilliant political theorist, argues ***Steven Lukes***

HAROLD LASKI'S life is fascinating and instructive. He found it so fascinating that he was given to telling stories, sometimes tall stories, about his relations with the famous and powerful. We know that Francis Galton, the eugenicist, found him brilliant, as did Oliver Wendell Holmes, who treated him like a son and whose friend and confidant he became. He was close to Justices Frankfurter and Brandeis and to countless other left and liberal luminaries on both sides of the Atlantic, and also in Europe (the authors tell us too little about his relations with these). In Britain he moved to centre stage as Chairman of the Labour Party after the war, by which time he seemed to know almost everybody.

One of the subsidiary pleasures of this superb biography is the detective work the authors have done in sifting fact from fiction. He did, from his childhood in Manchester, know Churchill, whom his wealthy businessman father had supported in his resolute stand against anti-semitism. He did, as an Oxford student, have a blazing row with Lloyd George about women's suffrage. And he was a frequent correspondent with Franklin Roosevelt, who enjoyed his company. The authors have unearthed a story Laski was careful never to tell: his abortive attempt, while at Oxford, to blow up Oxted railway station in support of the suffragettes.

They conclude in his favour: his romancing was only an exaggeration of an extraordinarily successful strategy, pursued throughout his life, of being the critical outsider while "thriving on the company, support and applause of the very people one has mocked, satirized and sought to topple". They plausibly suggest that the marginality and alienation of his status as a radical Jewish intellectual in Britain lent that strategy its peculiar intensity.

What is fascinating is how to account for its exceptional success. For he did not only impress the Establishment. He became "a mass preacher and public teacher, one of the most widely read and listened-to public intellectuals of this century ... more interested in teaching people about and ushering in socialism than in his scholarly or political reputation."

He was, on all accounts, "brilliant": articulate, witty, knowledgeable, with a sense of fun and an easy accessibility. He

HAROLD LASKI: A LIFE ON THE LEFT
by Isaac Kramnick and Barry Sherman
Hamish Hamilton £25

was an outstanding, magnetic teacher, whose influence radiated from the LSE throughout the Third World. A political theorist with an early taste for pluralism and syndicalism, who became a statist Fabian and eventually a Marxist of sorts, it was not, however, because of his ideas that he made friends and influenced so many people.

On the contrary: he was not an originator but rather an indefatigable synthesiser on the hoof of prevailing grand ideas that seemed to provide justifications and scenarios of radical change while protecting the intellectual freedom that made his style of radicalism possible. Hence his extraordinary eclecticism that leads the authors, rather kindly, to suggest that his thought had many "layers".

In fact, it was riddled with contradictions. He believed that capitalism was outmoded and doomed but that the ruling class could be won over by reason, and that revolution by violence could be averted through revolution by consent. He also believed the powerful would resist the advent of a militant socialism whose absence he never ceased to lament.

He thought the State was irredeemably partisan and potentially neutral and that the Labour Party was a force for socialist transformation and hopelessly reformist and trade union-dominated. He was "fiercely egalitarian and yet an intellectual prone to elitism and cultural snobbery". He was ambivalent about the United States, loving it and fiercely criticising it, and, more seriously, about Soviet Russia, acutely attacking the Webbs' adulation of it, but subsequently seeing in it the harbinger of a new civilisation.

He was "a cosmopolitan rationalist and a cultural, ultimately Zionist, Jew". Perhaps one key to his extraordinary appeal in his day was the prospect that so well-informed and brilliant a mind could find a way to resolve the contradictions he so clearly exhibited.

Yet the story is not only absorbing. It is also revelatory of what a "life on the left" can no longer be. Laski's life is, in a way, a parable of what we have irretrievably lost. For the contradictions it so amply contained no longer excite the optimism that they can be overcome. Above all, we we have lost the possibility of assuming that "socialism" names a socio-economic and political order that is feasible and viable and more efficient than and morally superior to capitalism.

Without that assumption, a life on the left today must face questions that Laski's style of thought always avoided: how to make capitalism work for the benefit of the least advantaged, the vulnerable and the excluded; how to tame the destructive effects of markets; how to attain more social justice in face of the declining reach of the state.

Revisiting Ultra's huts

ULTRA was the British success story of the Second World War. The ability of British codebreakers to read and interpret enemy signals gave the Allies a decisive advantage that shortened the European war. The story has been told in the magisterial multi-volume account produced earlier by F.H. Hinsley and his team, an essential and unique source book for every war student, writes Zara Steiner.

CODEBREAKERS
edited by F H Hinsley and Alan Stripp
Oxford £17.95, 321 pages

This collection of recollections by the men and women who worked at Bletchley Park, an ugly Edwardian mansion with its adjacent "huts" which was the centre of Britain's wartime codebreaking activities, is a more informal effort to recall and recreate the atmosphere of the times and to give an authentic picture of the work done by an unusual assortment of individuals, many recruited through the "old boys" network at Cambridge and Oxford and some straight from school. Among the first contingent of 30 recruits who joined the small group of regular intelligence officers were mathematicians, classicists, historians and linguists, most strangers to the arcane mysteries of code and cipher-breaking and knowing nothing about the services they came to serve.

For many readers, the most interesting parts of these individual memoirs are the accounts of recruitment - mathematicians calling on old friends and fellow scholars, a brief interview with a tutor or professor, "probing my interest in the three Cs - clues, chess and crosswords" - and the evocations of the wartime atmosphere at Bletchley Park. Only one essayist speaks of positive vetting; there was little time or need for such investigations. Even when the Bletchley Park group grew from under 100 in 1939 to more than 4,000 in 1944, the secret was kept, as it was for some 30 years after the war ended. The British success was predicated on the Germans' conviction that their signals could not be read and that their Enigma machines were entirely secure.

Those of us who suffer from varying degrees of mathematical illiteracy will find the technical chapters describing the actual functioning of the cryptographic machines and the methods used to encipher and decipher the signals difficult, if not impossible, to follow, despite the excellent diagrams and pictures. There are also the problems of trying to reproduce the *esprit de corps* of the past, particularly for those of the "professor-type" trained in the more austere disciplines of their craft.

Some sense of the camaraderie emerges; there are fascinating vignettes of some of the key figures of the day, including the 20-year-old Harry Hensley whose uncanny ability to interpret the German naval decrypts convinced the Admiralty to treat the young man with the greatest respect.

For some, particularly those working on the production of Ultra intelligence, the time at BP was clearly one of the high points of their lives. For the 2,000 Wrens engaged on the painstaking work of maintaining the "bombes", the machines used for discovering the wheel-setting for Enigma machines, life was as monotonous as it was stressful, and not made any easier by their inability to say anything about their wartime activities.

Thrills at turn of leaf

IT'S GOING to be a wonderful autumn for thrillers. Pile the logs on the fire, take down the whisky bottle, and send the wife to bed. (Correction where need be: send the husband to bed...)

Miss Smilla's Feeling For Snow is a remarkable and not-to-be-missed demonstration of the potential power of this genre. It's a novel, of course, not a "thriller" - but that has to be said of all good thrillers, because the word, so inappropriate to the boring bulk of them, devalues the exceptions.

Peter Hoeg is a young Danish writer and he has imagined the most fascinating protagonist - a 37-year-old half-Eskimo woman, living alone in Copenhagen, who realises, thanks to her "feeling for snow", that there is something wrong about a Greenlander child's apparently accidental death.

MISS SMILLA'S FEELING FOR SNOW
by Peter Hoeg
Harvill £15.99/£9.99, 410 pages

WHITE BUTTERFLY
by Walter Mosley
Serpent's Tail £7.99, 272 pages

SPY'S HONOUR
by Gavin Lyall
Hodder & Stoughton £15.99, 383 pages

DECIDER
by Dick Francis
Michael Joseph £14.99, 278 pages

Miss Smilla pursues the mystery with the passion of the outsider and the expertise of her northern upbringing, loving the snow and understanding it as "a symbol of the light of truth". The finely detailed descriptions of her investigation, which takes her deep into the Arctic, triumphantly creates a world that is new to us, shocking, moving. The first half of the tale, set in Copenhagen in winter, can scarcely be faulted: the second half, involving a buried meteorite, Lovelock's Gaia Hypothesis, Nazi expeditions, parasitic tapeworms, becomes more conventional, over-extended, a bit of a disappointment. But Miss Smilla is a character you never met before.

I spotted Walter Mosley's first - *Devil in a Blue Dress* - on these pages a couple of years ago and I insist again that he's a big talent. Here, after *A Red Death* (just out in Pan) is the third of his chronological sequence of the adventures of Easy Rawlins, the black private eye in post-war Los Angeles, who operates in mean streets where not even Philip Marlowe dared to go.

Raymond Chandler, you remember, wrote in a famous essay about those same streets that his hero would have to be "the best man in the world". (Note what must have been a deliberate reference in John le Carré's latest best-seller to his villain being "the worst man in the world".) Easy Rawlins is a splendid, lazy, cowardly, trouble-evading black man who loves children and booze and is amassing a secret fortune in real estate, and yet he is unmistakeably a moral figure - you can believe that he actually is "the best man in the world".

Here, in *White Butterfly*, Easy has reached 1956 in Watts and is dragged in to help track down a serial killer. His best friend is still the villainous Moose, and Easy is still a family man, tending his garden, but this time he's a bit too deep into the bottle and his marriage is on the skids, so it's a darker story than before.

Years ago Gavin Lyall wrote superior, laconic thrillers about battered freelance pilots flying battered small planes out of remote and battered airstrips. He then got into a conventional Whitehall/spook series about a not-very-interesting Major Maxim. His new idea, in *Spy's Honour*, is to go back to the earliest days of the Secret Service, before the First War. This 1913 yarn of bumbling amateur spies in a pre-Sarajevo drama deserves to work better. My notes read, in order - "Promising" - "Preposterous" - "Too long" - "Confusing" - "Boring"...

There is nothing either helpful or positive to be said about the new Dick Francis. *Decider* is his thirtysomethingth racing thriller, though this time it doesn't have much about horses. The subject is a family drama about ownership of a racecourse. The prose is as clumsy as ever, the characters as stereotyped. His fans will not object.

JDF Jones

Thrills at turn of leaf

by Peter Hoeg

by Walter Mosley

by Gavin Lyall

by Dick Francis

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In the Cotswolds, the buying is easy

Antony Thorncroft investigates an area of rare charm where antique hunters can find almost anything

A QUICK foray recently into this most bucolic of regions to test the temperature of the antique trade produced a fairly consistent response. Most dealers are happier with business than they were a year ago, when trade was negligible, but there is no consistency to the revival.

A few excellent weeks can be followed by a dead period. One day, that almost extinct species, the American dealer, turns up and walks out with £10,000 worth of goods; then, for the rest of the week, the only visitors are coach parties of OAPs sheltering from the rain. One dealer reports that turnover is up by 50 per cent in the first half of the year while another struggles on, taking £100 a week on a shop that costs £1,000 a week to keep open.

At least most of the serious dealers have survived. Few have thrown in the towel in the past year and most agree that, while sales are increasing only slowly, there has been a considerable rise in enquiries. Experience suggests that many of those potential buyers, ruminating over a photograph of a Georgian dresser or a Victorian desk, will eventually take the purchasing plunge.

The Cotswolds offers the biggest concentration of antique dealers outside London. Within a few pleasant miles, well over 100 present antiques which often approach the best of the capital in quality - and, equally, often seem to carry lower price tags.

This could be because Cotswold dealers operate on lower overheads and have not such a commercial approach to the game. They enjoy living in the area, and trading in antiques offers a wonderful excuse for an attractive life style.

Not that they are unprofessional. Traditionally, the Cotswolds was the great clearing house of the British antiques world, the place where runners – those sharp-nosed individuals who grab a living buying antiques cheaply at obscure auctions or from small dealers, and then pass them up through the trade – called in regularly to sell, while the London, American and continental dealers made frequent visits to acquire stock.

Today, the Cotswold dealers sell much less to the trade, which is suffering badly from recession - and the restraints of bank managers - and is not in a buying mood. Instead, private collectors have become the main customers.

They are also becoming more demanding. To make a sale these days, dealers must ensure that their goods are repaired and polished to perfect condition. They must also be prepared to let the customer try out the item in their home; offer payments by instalment; consider taking antiques in part exchange; provide free delivery; and often guarantee to take the object back any time in the future at the sale price.

All these services – added to the fact that prices have, at best, held steady over the past year and, for lower quality antiques, have actually fallen – mean it is an excellent time to buy. Some dealers are becoming more like interior decorators, working for a group of regular clients with a home to furnish, or a hotel to refurbish, seeking out a specific type of antique to fit a specific slot.

One dealer gets by with half a dozen loyal private customers; another works mainly with American interior decorators. A great deal of business is now done through sending photographs of choice items to buyers who might be interested. This saves both time and money.

It is one of the ironies of the Cotswold life that while August sees the small, picturesque towns like Stow, Cirencester, Broadway and Burford awash with tourists, it is the quietest selling month of the year. Very occasionally, a tourist, usually from the Continent, makes a big purchase, but most of the passing trade is looking, at most, for a holiday memento costing £100 or less.

With business at base relatively quiet, the Cotswold dealers are more likely to be found at fairs. One leading dealer, Duncan Baggott of Stow, tried his first-ever fair, the BADA at the Duke of York's, in May and, like many fair-goers, found the main benefit was in later enquiries back at the shop.

John Noot of Broadway is the epitome of the modern dealer in concentrating on fairs and giving up his prime retail site. He reckons he can take space in 10 good fairs for the annual cost of his former high street outlet's overheads, and do more business. He has kept a small space in the town but his main stock of decorative paintings is on show at his new home, a manor house on the outskirts of Broadway.

Left: "The Proposal", a turn of the century painting by Sidney Kendrick and, right, "Portait of a Mother and Daughter", from around 1840, by James Leakey. Both from John Noot Galleries

Like all dealers, Noot says the main problem at the moment is a scarcity of good objects to buy. Only *in extremis* are owners disposing of worth-while antiques at this time of low prices: they are waiting for an upturn. Even the cash flow problems of Lloyd's Names have failed to unleash many fine objects; and although some Cotswold dealers have lost the custom of beleagured Names, Lloyd's has not yet proved a major obstacle to recovery.

If the house market, and the opportunities for refurbishing, continue to improve; if the rising stock exchange index increases disposable incomes; if, above all, the antique buying classes feel more confident about the economic future – then, the tentative recovery of the past six months will turn into a firmly based revival.

No one should be shy of entering the shop of a Cotswold dealer; in a concentrated area, there is a wealth of choice. Most carry some low priced items and most will be prepared to consider an offer below the labelled price (although some consider this boorish behaviour on the part of a customer at a time when profit margins can be as low as 20 per cent). In the Cotswolds, you can choose between dozens of 18th century tables; Regency bookcases; Gothic chests; country dressers; and decorative clocks, pots, and pewter. Yet, there is individuality within the variety.

Take Stow, which has more than 30 dealers of varying importance. Baggott has one of the largest stocks in the region, with more than 5,000 items for sale, the great majority priced below £20,000. He used to concentrate on supplying the trade but now the public is his best customer. They want useful objects, like chairs and chests, preferably costing less than £10,000.

Baggott stocks everything in his two Stow retail outlets, from Chippendale bookcases, to a Gillow desk of 1884, to a board showing the rules for the servants' hall at Woburn in 1793, to glass walking sticks.

> *'Erratic' and 'patchy' and 'up and down' – this is the chorus of the dealers*

Next door on one side is Huntington Antiques, which has one of the best stocks of early - up to Queen Anne - furniture in the UK. This is the place for an early-16th century Flemish pulpit, once in the Cloisters Museum in New York; or a 13th century Limoges enamel book cover priced at £75,000; or a Charles II tester bed.

On the other side is John Davies, one of the few specialist picture dealers trading in the Cotswolds. They have been hit hardest by the recession (wrongly or rightly, buyers feel they can live without more pictures while still needing tables and chairs), but Davies has responded by moving into the 20th century, and modern, period.

Across the way, Antony Preston tried trading from the King's Road in London recently but he prefers Stow for his distinctive Regency and First Empire furniture and decorative objects. And around the corner is Christopher Clarke, who always carries eclectic rarities like 18th century fire screens, Venetian busts, and 19th century American door-stops in the shape of a boot.

The great rival to Stow in terms of shops is Burford. Once again, the variety is astonishing. Manfred Schotten is one of the few Cotswolds specialists, being a leading dealer in sporting antiques. Here, you can buy an early 20th century golf club for £20 or an acclaimed Tom Morris club of the mid-19th century for £3,000; an old croquet set for £400; and an Eton boater of the 1890s for £220. Anyone bored with 18th century brown furniture will be refreshed by the Schotten stock.

Actually, one of the attractions of the Cotswolds is that it is not over-burdened with sedate, refined, Georgian pieces. Swan Antiques deals in early country furniture, and proprietor Dominic Pratt seems positively to enjoy bargaining over his modestly priced stock.

Here, you might buy a William and Mary Bible Box for £700; a 1790s' bidet with its original, decorated receptacle, for £500; a Queen Anne dresser for around £4,500; and a 10 ft-long late-Georgian table for just over £4,000. Pratt likes to turn over his stock quickly, and still gets calls from the families of Irish tinkers who roam the land smelling out antiques of variable quality.

Down the way from Swan, David Pickup sells an unusual range of items, from late-19th century arts and crafts furniture, preferably by named makers, to early-19th century items like an 1822 table, one of the first to be created in the Elizabethan revival style (£16,000).

Across Burford High Street is Robin Shield. Among the many off-beat items in his stock is a large refractory glass on a bronze stand, dating from around 1730. It is the largest of its kind to surface and probably was used for scientific experiments. Now, it will delight interior decorators.

On the edge of Burford is Gateway Antiques, a great barn of a place with a bewildering stock of modestly priced antiques. The owners, Paul Brown and Michael Ford, spend much of their time on the road acquiring hundreds of pieces which they aim to turn over quickly at a modest profit. Prices rarely exceed £5,000. The choice is vast, and it is not just Victorian repro chests or Georgian commmodes. Gateway culls 15 auctions a week for interesting stock.

A few miles away, Witney Antiques is a complete contast. In the upstairs gallery at Gateway, you can buy 1950s' tables for £200 or less. At Witney, you get classic Georgian furniture of Bond Street quality. The prices bring you down to earth, but every piece is presented meticulously and shouts class.

In stock at present is an ivory-veneered bureau bookcase with silver mounts made in India late in the 18th century for the likes of Robert Clive; a cabinet completed in China and priced at £10,000; and any number of gleaming Georgian bureaux and chairs. Witney Antiques has long considered moving to London but it has prospered for almost 30 years at the entrance to the Cotswolds and is a regular first stop for overseas dealers and serious collectors.

Twenty miles away, on the northern edge of the Cotswolds, is Broadway. Here, perhaps the longest established dealer operates from a row of Tudor mansions in the High Street.

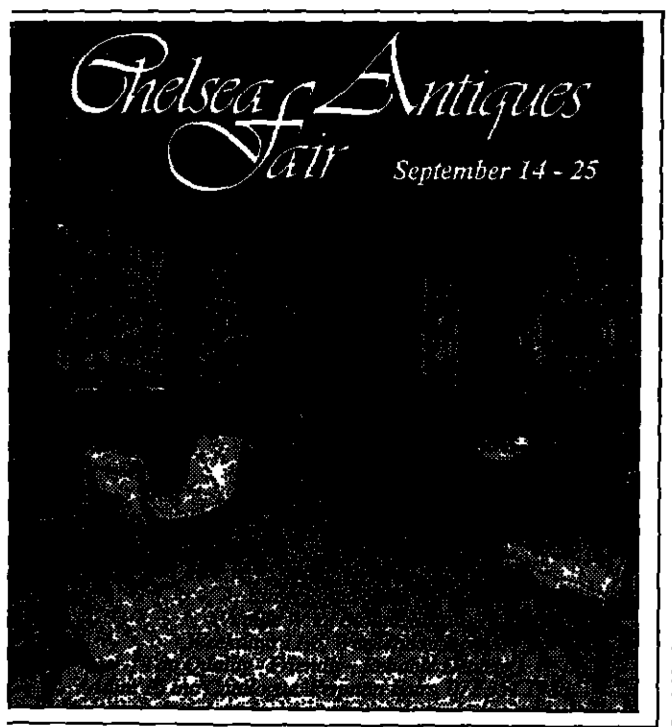
In its day, H.W. Keil was a regular port of call for the rich Americans who disembarked from their transatlantic liner at Southampton in the 1930s and arrived in London via the Cotswolds. The Queen Mother, when Duchess of York, was a Keil customer.

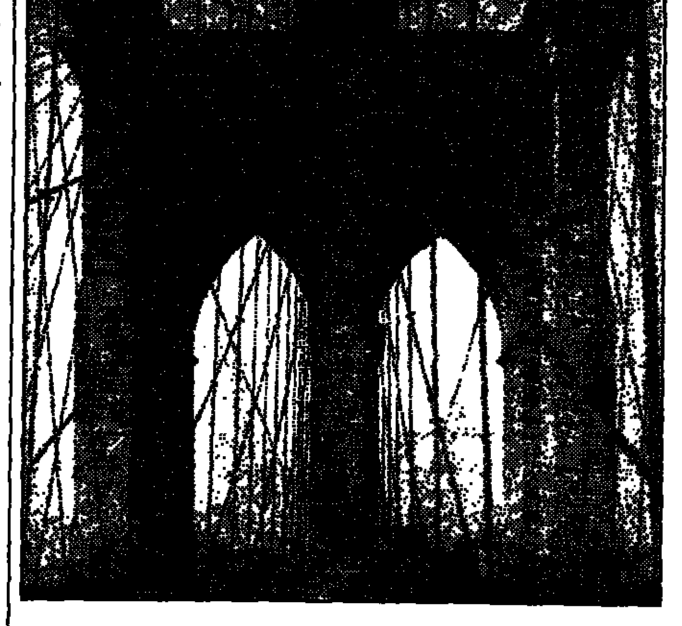
Some of the items in the vast stock carry a silver star, which means they are not for sale because they could no longer be replaced. They include a 15th century food cabinet, although you can buy a sedan chair. Keil is a step back into the past, with antiques ranging from Georgian to the oldest and rarest.

A bonus from antique hunting in the Cotswolds is that you get to visit some attractive towns and villages. Cirencester might not get the coach parties that throng Broadway and Stow, but it has a composed charm. It also has some good antique shops, notably William Stokes, yet another dealer trading in early furniture who is adept at stocking a 16th century farm house or a 17th century manor house with period furniture.

Along the way, too, is Rankin Taylor, which specialises in rarities as well as antiques that strike the fancy of its proprietor, Leslie Taylor. At present, these include some late-17th century sculpted heads, created in the fledgling New England, to some 19th century port bottles which convert into excellent decanters.

Some of the Cotswold towns, notably Stow and Burford, seem to be given over entirely to antique shops. But there are also important stopping places in smaller villages like Winchcombe, Taddington, Tetbury and Fairford, where Richard and Scilla Chester-Master go in for His and Her shops. His features traditional Georgian mahogany; Hers has French country furniture and faience. Alongside each other, they sum up the range and charm of what the Cotswolds can offer.





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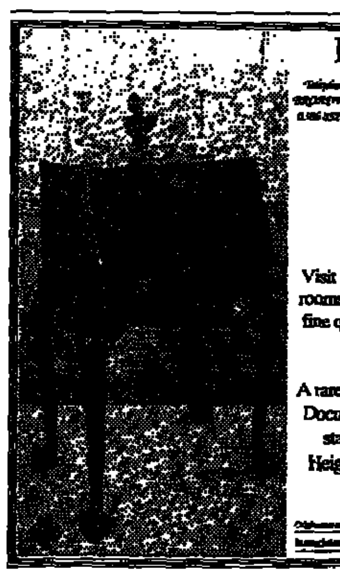

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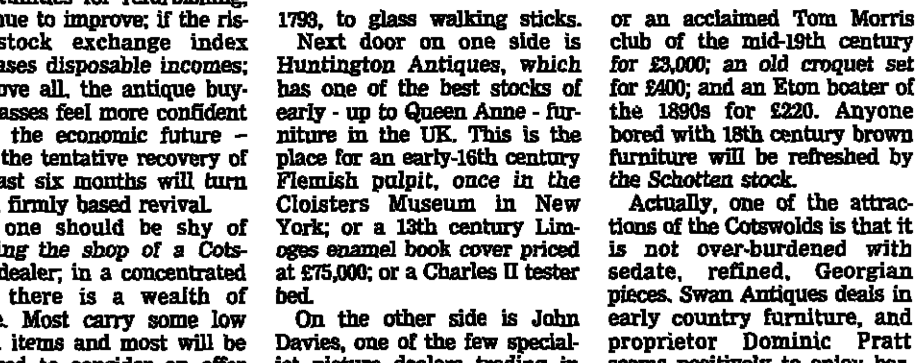

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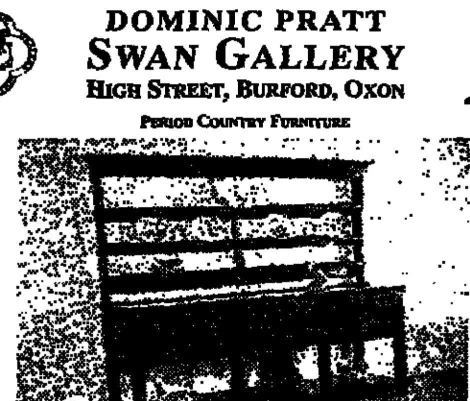

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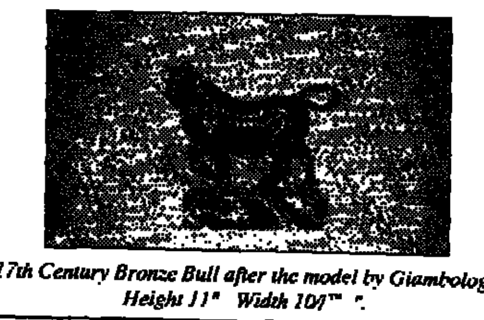

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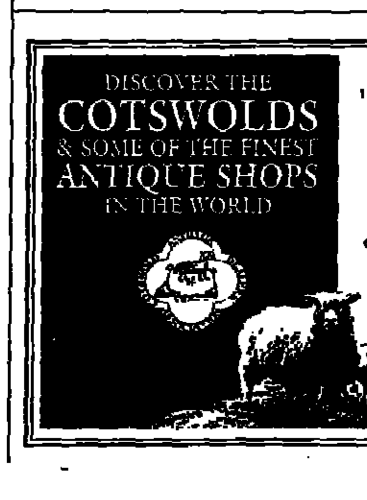

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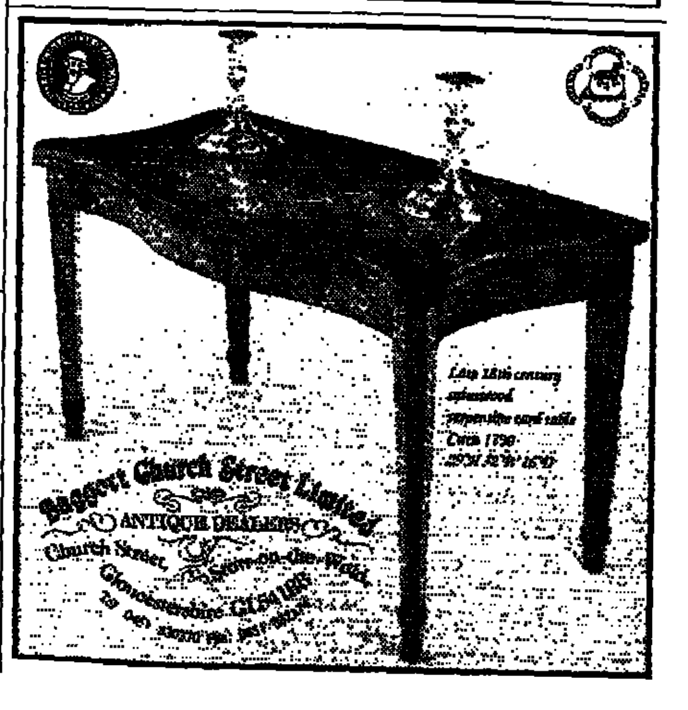


ARTS: EDINBURGH FESTIVAL

Off the Wall/Antony Thorncroft

The sun shines on Edinburgh

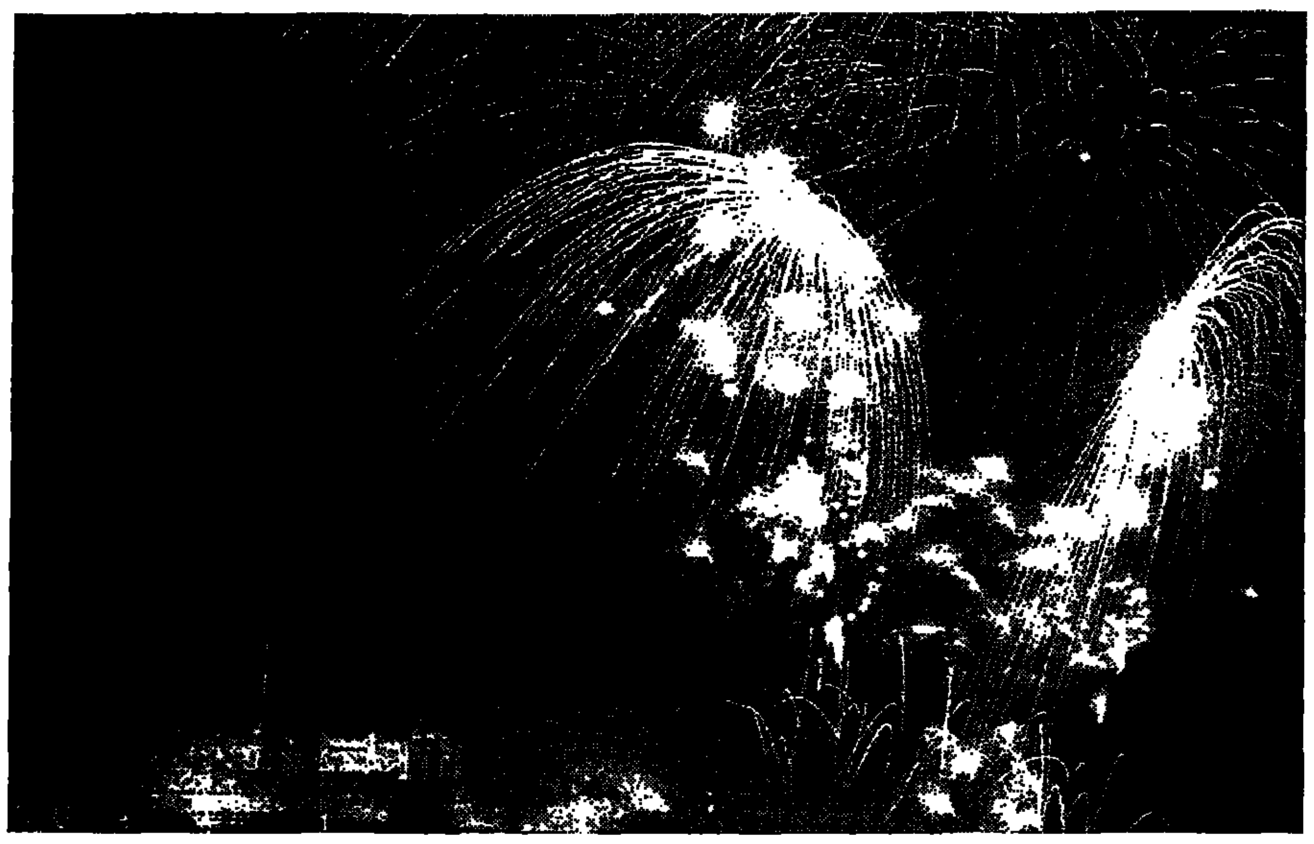
EVERY festival has its crisis points but perhaps the worst for Brian MacMaster, supremo at the Edinburgh Festival, was last Tuesday; the sun shone remorselessly for the first time in months. Looking down on the vast booking hall at the Festival HQ, where just one punter was buying tickets, you saw his problem.

Fortunately it would take a heat wave of Saharan proportions to scupper the financial success of this year's Festival, which ends tonight. The box office has already taken over £1.5m, and although its target is £220,000 higher than last year, it seems certain MacMaster will bring this, his second Festival as director, safely home within budget.

This is a great achievement. On the international stage Edinburgh is only matched by Salzburg. It mounts the same number of productions, 170 this year, and must sell the same number of tickets, 200,000: but Edinburgh lasts just three weeks, rather than Salzburg's five, and operates on a much smaller budget of £4.5m.'

Apart from the sudden sunshine the Festival has not been without its other problems. The mysterious fire which allegedly damaged the back stage at the Playhouse Theatre undoubtedly hurt the ticket sales of the Canadian Opera, the only big visitors not to achieve their box office target: which was ironic since their double bill of *Bluebeard's Castle* and *Erwartung*, directed by Robert Lepage, was perhaps the greatest artistic success of the Festival.

There was also the little matter of three conductors and a leading soprano crying off at the last moment, and the stranding of the 250 strong cast of *Julius Ceasar* in a foreign airport overnight. Then there were the critics, but MacMaster thinks that productions such as Peter Sellar's *The Persians*, which split critics and audiences down the middle, achieved exactly what was needed by causing controversy. There was less dispute that the Festival's opening concert, and James MacMillan's new opera *Tourist Variations*, were dead in the water, but the dance troupes scored with the audiences.



Out with a bang: fireworks which marked the end of the Edinburgh festival on Thursday burst over the castle Reuters

MacMaster, who gives the impression that if he worries about anything, he worries internally, has already shifted much of his attention to the 1994 Festival. The only certainties are that Mark Morris will be bringing his dance company back again to present his ambitiously huge work *L'Allegro*; that, after the appearance of Peter Stein's Salzburg Festival production of *Julius Ceasar* this year, there will be another joint venture with Salzburg; and that Scottish Opera will continue to feature in the Festival's plans.

Much still awaits selection. MacMaster was forced to pull a planned opera from the 1993 lineup just before the programme went to press because its opening night in Paris was an artistic disaster (which accounts for the shortage of opera), and in an era when foreign governments can no longer afford to subsidise visits by their artistic elites a festival director operates on a much shorter time scale and devotes more time to joint productions and local talent.

MacMaster faces a daunting new challenge in devising the 1994 Festival. The completion, at last, of Edinburgh's "opera house", the Festival Theatre, next spring, brings problems, along with the largest stage in the UK. It adds another 1,800 seats to fill nightly, boosting the size of the Festival by almost 20 per cent. With the Festival's major paymasters, the local and regional councils, the Scottish Arts Council, and sponsors, unlikely to have more cash available next year, the hunt is on for new sources of revenue and ways of boosting ticket sales.

The solution, long mooted, is a co-ordinated international marketing push, pointing out that for anyone with artistic pretentions, Edinburgh in August is the only place to be. The Festival, the Fringe, the Television, Film, Jazz and Book Festivals will all co-operate and help to finance the drive. MacMaster is also seeking a corporate sponsor to provide cash for the campaign. Sixty per cent of tickets are sold to outsiders, who bring more than £80m into the city.

For too long the mass of artistic events which make the city so exciting for at least three weeks in the year have worked together in a haphazard way. By next year such perennial fantasies as one, co-ordinated, marketing headquarters, even a joint ticket office, or maybe a Festivals Club (the Palladian building abandoned by the Royal Bank of Scotland in George Street would be perfect) might have become a reality.

And Edinburgh may gain one more festival. MacMaster denies that he is antipathetic to the visual arts, but he has resolutely repelled attempts by Timothy Clifford, director of the National Galleries of Scotland, to get his marvellous exhibitions, (which this year were devoted to Holbein and Russian art), attached to the Festival programme. He wants Clifford to organise with the other visual arts venues to create an autonomous festival to join the throng. Something needs to be done. The visual arts were particularly strong this year in Edinburgh. Their contribution should be integrated more handsomely into this feast of festivals.

Donald Maxwell (left) as Falstaff with John Harris and Christopher Hall Capital Press, Edinburgh

Opera/Max Loppert

A worthy Falstaff

THE FINAL big offering of this year's musical and operatic programme at Edinburgh provides one of the undoubted climaxes of an otherwise not especially climax-notable festival season. It is *Falstaff*, the last Verdi opera, which therefore supplies a peculiarly appropriate "last movement" to a festival that had Verdi as one of its thematic strands, and that earlier had billed (in concert form) the very first Verdi opera, *Oberto*.

Since *Falstaff* arrives at the Playhouse in a revival of the 1988 production that Peter Stein made for Welsh National Opera, there is an added thematic appropriateness to the offering. Stein has figured as one of the four international-heavyweight theatre directors to be spotlighted here this year (Malcolm Rutherford wrote in yesterday's paper of his Salzburg staging of *Julius Caesar* in its Edinburgh transplantation).

This response to Verdi's "miracle of grace, generosity, confidence, fine working, and marvellous invention" (Andrew Porter's phrase in an Edinburgh programme-book essay) has all those qualities: it explains why Stein is worth the fuss people have the past two decades been making over his work. There should perhaps be one caveat. Although the revival comes up unstaled, its working is not always fine without qualification: pauses for scene-change take too long, and the relative clumsiness of the Windsor Forest setting is still unimproved.

But the ensemble exuberance and ripe physicality of characterisation remain irresistible. Above all, this refers to Donald Maxwell's Falstaff, who glories in his girth with animal spirits even more untamed than five years ago; but it also concerns the sheer "go" of WNO's female quartet. This opera treats many themes in its survey of human affections; one of them is the eternal stupidity of men and the no-less-eternal forgivingness of women, a theme handled by Stein with sharper point than in any other *Falstaff* I know.

The leader of the quartet, as in 1988, is Suzanne Murphy, witty, plucky and altogether adorable as Alice Ford in spite of an announced cold. Other well-remembered performances include Nuccia Focile's spicy Nannetta, and the Caius, Bardolph and Pistol of Peter Bronder, John Harris and Geoffrey Moses. The newcomers lend fresh lustre: Claire Powell's unusually youthful, sensuous Quickly, Paul Charles Clarke's sweet-toned Fention, above all Bryn Terfel as a Ford of dark magnificence.

In this (for *Falstaff*) huge theatre the shine tends to rub off the orchestral sound. That said, the conducting of Richard Armstrong, WNO's former chief, displays mastery still more substantial than in 1988: the opera is taken steadily, with care for verbal clarity and meaning but with no sacrifice of comic zest. Only one more Edinburgh *Falstaff* (tonight), then the revival forms part of WNO's autumn repertory, and can thus be more widely enjoyed.

An interesting point of comparison was suggested by the Edinburgh Verdi conducting of Armstrong's WNO successor, Carlo Rizzi. In an Usher Hall Requiem last weekend, given by the Royal Scottish National Orchestra and the Edinburgh Festival Chorus (solid, well-schooled, strangely un-thrilling), Rizzi's italianate vitality was sometimes exhilarating, and sometimes hotheadedly immature in effect. Of the soloists it was the mezzo, Olga Borodina, who with grave richness of tone most consistently sustained "festival standard"; Jane Eaglen, the soprano, was splendidly powerful in loud phrases, a shade below pitch in soft.

■ *Falstaff* is sponsored by Bank of Scotland, Requiem by Scottish Power

Theatre/Malcolm Rutherford

Teuton with a light touch

THE EDINBURGH Festival has preserved its best theatrical performance for the end. Heinrich von Kleist's *Der Zerbrochne Krug* (The Broken Jug) may not be quite a masterpiece, but it is given a masterly showing by the Deutsches Theater, Berlin, directed by Thomas Langhoff. The production contains some of the best light comedy acting I have seen.

Like Jakob Lenz, the other German dramatist featured at the Festival, Kleist came to a sticky end. He belonged to an old officer family, disliked the army, left it for the civil service which he liked no better, was spurned by Goethe, finally ran out of money and entered into a suicide pact with the wife of an official in Berlin in 1811 when he was only 34.

Most of his life was spent writing: plays, literary theory and journalism. He was the founder of the first German daily newspaper, the Berliner *Abendblätter*.

Of his wit and erudition there can be no doubt. *The Broken Jug* brings the two together. On one level it can be seen as a simple comedy about the wayward course of justice in a village in the Netherlands around the beginning of the 19th century. Yet, just as pleasing, there are other dimensions. Two of the principal characters are called Adam and Eve. For the play is also about the fall from grace and how to get back to it. Moreover, Adam, the local judge, is based on Falstaff. There is a touch of Dogberry in the court scenes. Molière never seems far away and you could say *The Broken Jug* is one long Canterbury Tale.

Yet if Kleist drew heavily on past writers, future central European writers certainly drew on Kleist. If you see *The Broken Jug*, you will recognise Kafka as a disciple. There is also plenty of Kleist's legacy in the lighter side of Brecht.

The truly wonderful aspect of the play and the production, is the lightness of touch. Yesterday I criticised Peter Stein's production of *Julius Caesar* for its Teutonic heaviness. Today it gives me great pleasure to report what I always knew: namely, that the Germans are not always like that.

The play is good without being exceptionally so, though it does have some clever twists, especially at the end when it becomes clear that the search for justice over who broke the jug will go on to a higher court. But if there is skill in the storytelling, the great virtue is in writing parts for actors. Even the smallest characters have their moments, and know how to take them. There are maids almost without speaking parts: Langhoff lets them shine as they pass through with an axe to cut the logs, or sometimes with chicken feathers in their hair.

Of the larger parts, watch (it is impossible not to) Gudrun Ritter as Frau Martha, the woman whose jug was broken and persists in her complaint. You will be riveted by the others as well, but the crowning triumph belongs to Langhoff who resists the temptation to turn the visiting magistrate into an over-heavy bureaucrat. Other German directors would have made him an incipient Nazi. Here, as played by Klaus Piontek, he is ultimately a kindly figure who mellows when offered wine, recognises the origin and the vintage and never loses a sense of fairness. This is a very humane play.

Fringe Event/Alastair Macaulay

Strange soirée

Alastair Macaulay follows a mysterious trail and is rewarded

EVERYTHING about this story is true, and all of it is quintessentially Fringe.

You go to a lunchtime show on Monday at the Assembly Rooms. It turns out not to be happening that day, because its cast has the day off on Monday. So you squat on some steps and use the time to work out your itinerary. Two eager guys from Alaska stop and ask your advice about what to see. A fatigued Scottish journalist comes up and urges you to see a show which is closing tomorrow. He does not know if he likes it or not, but he thinks it is kind of interesting, and he wants to know what you think. It is called *Soirée*, it is at the Demarco Gallery (where you have never been), he tells you that the 'phone number listed in the official brochure is wrong.

You ring the number he gives you. It is wrong, you use directory enquiries, you get the right number, the Demarco people tell you when the show is on. You rearrange your itinerary some more, you ring the Demarco, you ask for a seat for the lunchtime show tomorrow. Mr Demarco himself (for it is he) tells you that he will endeavour to squeeze you in.

The next day, you arrive at the Demarco three minutes late, because you have been held up by an overlong morning concert. The guy at the box office tells you that you might just be in time. This actually means that everything is running 15 minutes late and you have to wait 10 minutes in a chilly corridor. People pass the time by talking about Susan Sontag choosing to direct *Waiting for Godot* in Sarajevo. The woman who joins the queue after you looks radiant and cries "This place must have the best food in Edinburgh!" You do not have time for food. No-one near you knows anything about *Soirée*. By the time you get in there are no programmes, if there ever were any.

Soirée turns out to be one of those sick-soul-of-Europe studies in decadence, but it is also an unusual piece of wordless dance/movement theatre. It lasts just over an hour, it has three performers, and what makes it amazing is the first woman to appear. Strange, attractive, and kooky, she enters, with her back to us, sideways, slowly (like the Dying Swan). Dressed in an 18th-century gown, barefoot, she shuffles along in a series of varied tiny steps, a kind of baroque boogie that sends ripples upwards through her thighs and her crinoline.

When she turns round, it is as if the little sister from Chandler's *The Big Sleep* had wandered into *Les Liaisons Dangereuses*. She has long fair hair, bee-stung cherry lips, and smoky blue eyes (with heavily charcoaled lashes) that look tear-laden and seldom focus on anything you can identify. Her neck droops, her spine droops in a swan-like S-bend, she might be sleepwalking, or drugged, or a nymphomaniac, and everything she does is utterly riveting. *Soirée* seems really to be about the horrid, voluptuous masochism of decadent petty souls. The three performers waste time elegantly and pointlessly, they indulge themselves idly, they build up obsessions and tensions over no good cause. It is the fair-haired girl who makes all this important. Towards the end of the work, she advances towards the male performer she plants an extended foot on his neck and then, calmly, she falls slowly backwards on to the floor, where she opens her legs, and then starts to pound his chest with her feet. *Soirée* is slightly longer than it needs to be, its taped score (made up of repetitious mini-cycles of sound) is faintly maddening, nothing about its choreography is radically original, but its best features are haunting.

Afterwards, a dozen of you ask for programmes. You are asked to wait five minutes. Mr Demarco leads you all into his office. He tells you all that *Soirée* is the best thing at the '93 festival, that he only presents truly original work, that *he* would not present Mark Morris doing the same old thing, that *Soirée* should have won a Fringe First (here you agree), and that he wants to present it in Sarajevo. Impressed though you were by *Soiree*, you think that Sarajevo needs it even less than it needs Sontag. You ask Mr Demarco just what he thinks Morris's "same old thing" is. He does not reply. He says he is also presenting *Medea* at 9 pm in the open air that night.

When he is not talking, you find some information that says *Soirée* was presented by the Yvette Bosnik Company from Hungary. You wonder if Bosnik was the fair one. At this point, the fair one and the other female performer enter Demarco's office. There are five men in their dressing room, they say, who will not leave; they will not change until the five men are evicted. Demarco hastens to sort out this crisis, and you beat it before they call the police.

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Evening performance of *Cherevichki* followed by supper.
Saturday 30th October
Evening performance of *Il Barbiere di Siviglia* preceded by dinner.
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Videos/**Nigel Andrews**

Violence for every taste

SCREEN violence, especially for video viewers, *has still not* gone away even this late in the year. Is the world winding itself up, we wonder, for the last years of the century? 1998, one notes with alarm, is the Devil's number (666) times three; 1999 contains *the Devil's number* upside down; and 2000 marks a new millennium, with all the devilish apocalypses that that traditionally entails.

We who have been brought up on Gothic movies are sensitive to such matters. We look at a video month boasting *Bram Stoker's Dracula*, Fritz Lang's reissued *M*, Leonard Kastle's reissued cult murder film *The Honeymoon Killers* and two new but already notorious movies in *Man Bites Dog* and *One False Move* and we sense a pattern. The main motif is a fascination with murder as compulsion.

Director Francis Coppola in *his visually spectacular Bram Stoker's Dracula* (20:20 Vision) gives us the grand old Gothic forebear himself. The Count is played by Gary Oldman as a helpless predator *given to* Protean shape-changes, from an old man in a beetling wig to a young seducer in frockcoat and Victorian Ray-Bans. This is the killer as chameleon, as much a victim of nature and cosmic determinism as the lizard that in one guise he gigantically resembles.

The killers in *M* (Redemption) and *The Honeymoon Killers* (Tartan), both in black-and-white, are more mundane, de-romanticised. Lang's 1931 masterpiece, based *on the story of a true mass* murderer, pushes its humdrum psychopath (Peter Lorre) through a mazy, dim-lit Germany almost palpable with foreboding. This human insect seems as much a creature of his time as the banal, deranged *suburban couple in The Honeymoon Killers* who murder lonelyheart victims in a sickly America (1969) trapped between the sentimentality of the Flower Power era and the nightmare of Vietnam.

> *'The main motif is a fascination with murder as compulsion'*

Today's modern-dress movies of violence are neither romantic a la Coppola-Stoker nor psycho-sociological like Lang or Kastle. In *One False Move* (20:20) the drug-dealing crooks *who viciously* murder a group of guests at a party before escaping to cue the film's chase story are self-made psychos as driven and reasonless as Shakespeare's Iago. And *Man Bites Dog* (Tartan) does not finger "society" as the corrupter of its young anti-hero: only the man himself as he bounds from one "snuff" murder to the next, showing off for his camcorder-wielding friends. Made by Belgian students on half a shoestring, the film is funny and horrific in equal measure. Even this year's Hollywood Oscar-sweeper contributes to the 1993 violence symposium. Clint Eastwood's *Unforgiven* (Warner) takes the Western, *hangs it up and* thwacks it with a carpet-beater until all the elegiac fluff flies out. There are no balletic deaths here, no chess-game gunfights. The film shows how the West was really won. When men die, they do so slowly, agonizingly, uncomprehendingly. The more bullets the "hero" *spits the more we see* him turn into a grey, implacable, inhuman automaton.

But take comfort: even in Bloody September there are gore-free videos. *Especially* recommended: two golden-oldie comedies and one sparkling modern bio-pic. This last is Derek Jarman's *Wittgenstein (Connoisseur): absurdist*, playful, witty in its account of the philosopher and his social and cerebral frolickings with the Bloomsbury crowd (B. Russell, J.M. Keynes). The oldies are both from director Howard Hawks. *Only Angels Have Wings* (Columbia TriStar) is Cary Grant, Jean Arthur and Rita Hayworth doing what a man (and two women) gotta do in the tropics while mail aircraft fly and hearts are broken. And *Twentieth Century* (Columbia TriStar) has glorious Carole Lombard and more glorious John Barrymore boarding the titular express to cross swords and wits for two hours of high – no, highest – Hollywood comedy.

The romanticised killer: Gary Oldman models Victorian Ray-Bans in Bram Stoker's Dracula

Old masters in Venice

WE all approached the 50th Mostra Del Cinema with mixed feelings. There it was, shimmering into view, a toast to half a century's conjugal bliss between art and commerce since Benito Mussolini, that famed benefactor, founded the world's first film festival in the 1930s.

This year all was not well between Mammon and the Muse. Italy's recent clean-up has helped to clean out the nation's culture coffers. The Golden Jubilee was more like a pauper's wedding. Four nights' paid hospitality maximum for all visitors. No Barbra Streisand on the jury: she wanted too many first-class air tickets. *And such cash as remained*, set aside for a last-week Directors' Symposium involving Scorsese, Spielberg, Altman, Wenders and other cine-VIPs who do not come cheap.

> *Nigel Andrews hails films by Allen, Altman and Scorsese*

But nothing more consoles a film critic than fulsome film fare. Thanks mainly to three films from Hollywood, we have had that. Woody Allen's *Manhattan Murder Mystery* is a throwback to the funny Allen of long ago: a champagne comedy thriller with Woody and Diane Keaton as the New York married couple sleuthing after a neighbour suspected of wife-murder. The one-liners are a wonder; the comic pace is near-Olympic; and in spite of some signs of strain in Allen's own performance – a year of trial-by-tabloids leaves its mark – a fairminded Venice audience laughed itself silly. Britain gets the film in the new year.

It gets Robert Altman's *Short Cuts* and Martin Scorsese's *The Age Of Innocence* as soon or sooner. The first is Altman's best since *Nashville*. Another fresco of fragments, here adapted from Raymond Carver's astringent stories of life on the Western seaboard, it finds a prismatic coherence in the jumble of different stories and emotional colours. Love, murder, ambition, cookery, sex, fishing, parenthood: Altman creates a majestic, unforced statement on the passion of little lives trying to tune in to bigger truths.

Short Cuts boasts the kind of cast few but Altman can assemble, snapping his fingers like a modern Prospero calling his sprites: Jack Lemmon, Andie McDowell, Tim Robbins, Lily Tomlin, Robert Downey Jr, *Matthew Modine*.

Every name still left in the casting directory has been snapped up by another Grand Old Mage. Martin Scorsese scatters his adaptation of Edith Wharton's *The Age Of Innocence* with luminaries from today's movie costume genre. In 1890s New York Daniel Day-Lewis meets Michelle Pfeiffer and this new passion tests his betrothal to Winona Ryder.

Wags have called *The Age Of Innocence* Scorsese's first James Ivory film. You do wonder at first what the maker of *Raging Bull* is doing amid this china-shop decor. (How long before De Niro and Pesci burst through the French windows with barking machine-guns?) But Scorsese's pictorial flair brings dazzling new perspectives to period-movie tradition: the overhead shot that turns a ball into a scorpion dance choreographed by Busby Berkeley, the card-shuffle of impressionistic images seen through opera binoculars, the airborne *camera-arabesques* around banquets or tea parties.

There are still, for me, reservations. The film seems at times an awkward marriage of *kinetic visuals with* choked-back performances. Every star is genteelly strangled with a mid-Atlantic accent; and every star trails clouds of Pavlovian *association with past* period-pieces. Many of my colleagues raved, but until a second viewing I prefer to keep a Whartonesque distance.

An even greater distance is required – positively Jamesian – between the sane critic and some of the rubbish we have seen at Venice. Liliana Cavani's *Where Are You? I Am Here?* is a romance of the aurally challenged: involving a *deaf boy, a deaf girl* and a movie audience deafened by sentimental special pleading. In Carlos Saura's *Shoot!* a brutally raped circus sharpshooter fills her assailants full of lead and then spends the remaining story dying slowly, much like *the melodrama-raped film*. And in Bertrand Blier's "comedy" *Un Deux Trois Soleil*, the hills above Marseilles are alive – though barely – with the usual job-lot of wacky outrages and reversals this French director specialises in: including parent-swapping, group rape and bewildered guest stars (here *Marcello Mastroianni) looking* for an exit route.

Though this is a festival where America is trouncing the opposition, one French film has impressed and one US film has taken a pratfall. Aline Isserman's *L'Ombre Du Doute* is a delicately ambiguous story of child abuse, set as much in the heroine's fantasy-prone mind as in her acidly-etched family and social milieu. And the American clinker is *Even Cowgirls Get The Blues* from Gus Van Sant, the gifted director of *My Own Private Idaho*. A bunch of Sapphic cowgirls chewing on 1960s dialogue in a no-address, no-narrative prairieland holds less charm than the earlier three-way pile-up of Shakespeare, gay rights and existential comedy.

Opera/**David Murray**

The factory Bacchae

THE FIRST thing to say about the new Opera Factory version of Euripides' *Bacchae* is that it is a "play with music", just as billed. In the wake of Henze's *Bassarids* (libretto by Auden & Kallman) and John Buller's *BAKXAI* (mostly in the "original" ancient Greek – however that may have sounded, which nobody really knows) at the Coliseum, you might have expected another opera: not so.

Though the modern Greek architect–mathematician-composer Xenakis has supplied music for the extensive choruses (in Greek) and some eruptive orchestral punctuation, David Freeman's show is basically words-and-sights. The English text, in the poet C K Williams' translation, is crisp and modern, delivered with brio by the actor-principals. The sights – well, that is where Freeman's plan becomes problematic.

His programme-note declares *The Bacchae* "one of the most savage plays ever written". So it is, in a sense, but it is no *Titus Andronicus*: in ancient Greek tragedy the visible action is always of the plainest, and violent acts occur strictly offstage – to be reported later, of course, in scarifying verbal detail. The reason why the original play is much more discussed now than performed, despite its appalling, fascinating, suggestively ambiguous story, is that in practice it is all choral singing and *talk*.

There are fraught dialogues between Pentheus, the severe young King of Thebes, and the disguised god Dionysus who comes to draw Theban women (including the King's mother Agave) away to nameless Bacchic rites on Mount Kythaeron; and later a fine, agonised *scena* for Agave, upon learning that she herself led the frenzied dismembering of her son when he spied upon their rites in female garb. Yet the guts of the action – rather literally – remain in decent obscurity. Freeman's solution is to have them vividly enacted, even while the ghastly facts are narrated.

Partly that works, partly not. *Sometimes* it *marginalises* Euripides' story-telling, which is potent enough on its own; on the other hand, what we see is inevitably milder than what *we're told*. Thus, the Bacchantes' hauling-down of Pentheus from his pine-top vantage is strikingly represented – but in desperate flight all his limbs are visibly hale, when we know already that an arm has been torn from his body.

Gory Grand Guignol would be quite wrong, but the mismatch is distracting amid Freeman's relentless insistence on raw physical involvement. Again, when he understandably wanted the trophy that poor, dazed Agave cradles in her arms – she thinks it a lion's head: it is her son's – to be more than a papier-mâché bust *à la* Strauss's *Salome*, he had his Bacchantes bury the rest of Pentheus's naked, supine body under huge stones first. Balsa-wood they might be, but among the audience (at least the male half) that operation probably induced more gut-dismay than Agave's dreadful recognition later.

Still, Veronica Duffy's Agave is brilliantly taut-to-breaking-point, and as Pentheus Peter Sullivan has all the right youthfully haughty, truculent, self-righteous vulnerability. Grandfather Cadmus and ancient, near-gaga Tiresias are sharply captured by Derek Smith and Jerome Willis, with David Hobbs a staunch Messenger. The variety of Xenakis's choruses, attentive to Euripides' prosody, is somewhat diminished by unvaried accompaniments – ritualised, very high and low winds, asymmetrical bursts of percussion, though the Premiere Ensemble under Nicholas Kok drives them cleanly home.

Dionysus is the dark, towering, muscular Joe Dixon: charismatic, yes, but hardly the teasingly androgynous ephebe of the play – nor the Stranger of the *King Roger* it inspired from Szymanowski, nor of the Henze and Buller operas. Nevertheless Freeman's production has a rare strength: he gives equal, dispassionate weight to all the other factors in this extraordinary piece.

For a 20th-century audience, it ought to have some implicit moral: about the repression of women, or the impotence of moral authoritarianism, or the allure of losing oneself in the divinely pre-rational. Every such tidy thesis is undermined and controverted by the text itself; by the end everyone loses horribly but Dionysus, who has by then come to seem a monster. Yet what happens here is simply what happens; if we find it uncannily disturbing, we have to decide for ourselves why it should be so. That is a salutary experience.

Ripping yarns: in The Bacchae everyone loses horribly

Pop Music/**Peter Berlin**

Big Star live

ONCE ROCK and roll was the medium through which teenagers shocked their strait-laced parents. But a wasted youth cannot compete in the image market with the two wasted decades that are part of the legend of Alex Chilton, who turned up alive on stage in Clapham last week.

Chilton's one brush with popular success came when his band the Box Tops had a hit with "The Letter". Chilton left the Box Tops in the middle of a show. Back in his home town, Memphis, he joined Big Star.

Big Star are the blueprint cult band: split by internal disputes, alleged victims of record-company incompetence. Chris Bell, the founder, left after the first album *No 1 Record* but may have contributed uncredited to the second *Radio City*. Bell's death in a car crash only strengthened the legend. After the ragged *Third*, recorded in 1974, released in 1978, Chilton more or less disappeared. The simplest version of the legend is that he spend two decades drinking. A talent so hugely squandered, runs rock logic, must be a huge talent.

The reformed Big Star consists of Chilton, Jody Stephens, the original drummer, and Jon Auer and Ken Stringfellow, members of Seattle band the Posies, on bass and guitar.

The two Posies looked more like early-70s escapees than Chilton. While he stood chain-smoking at the side of the stage, they bounced enthusiastically, tossing their long hair back, a powerful advertisement for regular washing and conditioning. Chilton readily shared the murky blue and red spotlights. The two youngsters sung the songs Bell sang. The band displayed all the virtues of a good American bar band: the playing was tight, enthusiastic and proficient. Chilton's warm guitar solos were few and brief.

At the root of the Chilton legend is the idea that he is a songwriting genius. Here were all the fans' favourites. Pop songs with the *maddeningly* familiar sound of the hits they never were: "The Ballad of El Goodo", "Thirteen" and "September Gurls" (covered by the Bangles). At its best, the band played the strongest tunes with muscular conviction, at its worst it descended into chugging boogie.

The cover versions were revealing (*no doubt self-consciously*). "You're Strange", one of the more obscure works in the T Rex canon, "Slut" from Todd Rundgren, master *of pop artifice, and a clunking* cover of "Kansas City" from the rich ersatz rhythm and blues songbook of Lieber and Stoller.

Lou Reed and Iggy Pop can fight over the titles "godfather of punk" and "grandfather of grunge", but Chilton, emerging as if from a time warp, champions *a tradition that has largely* withered: the clean-cut pop rock of the Beatles imitators. At times Chilton, the pop singer with a rock and roll life-style, adds a darker shading, a touch of chaos and dissolution colours his best songs. There were *moments in Clapham* when the material did justice to the myth.

Chess No 989: 3 . . . Qf2! and White resigned. If 4 Rxe2 Re1+, or 4 Rg1 Qxg2+!

ROYAL FESTIVAL HALL
SUNDAY 12 SEPTEMBER AT 7.30PM
CARLO RIZZI Conductor
LESLEY GARRETT Soprano
The ORCHESTRA of the ROYAL OPERA HOUSE
A PROGRAMME OF TCHAIKOVSKY AND DVORAK
ROYAL OPERA HOUSE Covent Garden
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ROYAL FESTIVAL HALL

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QUEEN ELIZABETH HALL

4-7, 9-12 Sep 7.45 — OPERA FACTORY: EURIPIDES' THE BACCHAE. Music by Xenakis. Nicholas Kok (cond) David Freeman (dir) David Roger (designer) Premiere Ensemble. The god of wine & ecstasy takes revenge on the House of Thebes. £24, £18, £12, £7 — *OF/*SBC

Wed 8 Sep 7.45 — PREMIERE ENSEMBLE George Benjamin, P Walmsley-Clark. Varese Octandre; Grisey Accords perdus (1st UK perf); Webern Sym; Unsuk Chin 7 Fairy Tales (1st perf); Ravel Chansons madécasses; Benjamin At First Light. £15, £11, £8, £4 — PE/*SBC

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Sunset Boulevard
Tube: Charing Cross Prices: £15-£32.50 T 0836.430900

ALBERY, St Martin's Lane. Tel 071.867.1115
Separate Tables
Tube: Leicester Square Prices: £7-£22 T 0836.430901

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GARRICK, Charing Cross Rd. Tel 071.494.5085
On the Piste
Tube: Leicester Sq. Prices: £8-£19.50 T 0836.430918

GLOBE, Shaftesbury Ave. Tel 071.494.5067
Present Laughter
Tube: Piccadilly Circus. Prices: £10-£22 T 0836.430919

HAYMARKET, Haymarket. Tel 071.930.8800
Lust
Tube: Piccadilly Circus Prices: £7-£24 T 0836.430920

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The Phantom of the Opera
Tube: Piccadilly Circus Prices: £9-£30 T 0836.430921

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Joseph and the Amazing Technicolor Dreamcoat
Tube: Oxford Circus Prices: £8.50-£29 T 0836.430922

LYRIC, Shaftesbury Ave. Tel (071.494.5045)
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Prices: £8.50-£21 T 0836.430927
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Prices: £8.50, £13.50
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Tube: Holborn Prices: £10.50-£30 T 0836.430929

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Blood Brothers
Tube: Tottenham Ct. Rd Prices: £9.50-£25 T 0836.430933

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Tube: Embankment. Prices: £5-£16.50 T 0836.430935

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Tube: Leicester Sq. Prices: £11.50-£30 T 0836.430936

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Much Ado About Nothing
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Prices: £7-£21.50 T 0836.430906
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SADLER'S WELLS, Rosebery Ave Tel 071.278.8916
Glyndebourne Touring Opera From Sept 16
Tube: Angel. Prices: £5-£36 T 0836.430941

ST MARTIN'S, West Street. Tel 071.836.1443
The Mousetrap
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TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Pinocchio. 7.50 The All-New Popeye Show. 8.10 McGee and Me. 8.35 Peter Pan and the Pirates. 9.00 Parallel 9. 10.12 Weather.

10.15 Grandstand. Introduced by Steve Rider. Including at 10.20 Rowing: The World Championships from Prague. Gerald Sinstadt and Chris Baillieu commentate. 10.25 Cricket: NatWest Trophy. Sussex v Warwickshire in the Final from Lord's. Commentary by Tony Lewis, Richie Benaud, Jack Bannister, Ray Illingworth and David Gower. 12.45 News. 12.50 Football Focus: Highlights of the week's action from the FA Premiership. 1.25 Cricket: Further coverage from Lord's. 1.55 Racing from Haydock Park: The 2.00 Stanley Leisure Group Handicap. 2.05 Cricket: Continued coverage. 2.25 Racing: The 2.30 Preserving Nature's Goodness Rated Stakes. 2.35 Cricket. 3.25 Racing: The 3.30 Hazelwood Foods Sprint Cup. 3.35 Rowing. 3.45 Cricket. 4.00 Rowing: Coverage of Olympic champions Steve Redgrave and Matthew Pinsent competing in the Coxless Pairs. 4.10 Cricket. 4.40 Final Score. Times may vary.

5.15 News.

5.25 Regional News and Sport.

5.30 Droopy Double Bill.

5.45 Big Break.

6.15 Noel's Garden Party. Chaotic fun and games with Noel Edmonds.

6.55 Open All Hours. Corner-shop comedy, with Ronnie Barker and David Jason.

7.25 Challenge Anneka. Anneka Rice attempts to bring more seemingly impossible projects to fruition.

8.15 Film: Jaws: The Revenge. The family of sheriff Brody, the nemesis of the shark in the original film, are terrorised by another great white. Michael Caine stars (1987).

9.40 News and Sport; Weather.

10.00 Film: Airplane! Disaster spoof about an ill-fated airliner and its madcap passengers. Robert Hays, Leslie Nielsen, Lloyd Bridges and Julie Hagerty star (1980).

11.25 Watch What Happens: Tony Bennett. The American singer celebrates his 40th anniversary in showbiz at a concert in London's Prince Edward Theatre.

12.20 Film: The Money Movers. Thriller about a daring raid on a bank vault containing a fortune in gold. Starring Bryan Brown and Terence Donovan (1978).

1.50 Weather.

1.55 Close.

BBC2

6.40 Open University.

3.00 Film: Rock-A-Bye Baby. Jerry Lewis stars in this farce about a TV repair man who becomes full-time babysitter to a Hollywood film starlet's triplets (1958).

4.40 Cricket: NatWest Trophy Final. Sussex v Warwickshire. Live coverage from Lord's. Both captains played a important roles in the semi-finals, with Alan Wells holding the Sussex batting together and Dermot Reeve taking key wickets for Warwickshire. As the atmosphere heightens in the climax to the 60-overs-per-side competition, which of these captains will have the greater influence on the proceedings and lift the trophy for their respective side?

7.30 News and Sport; Weather.

7.45 Rhythms of the World. Two films examining the impact of blues on British music. The first traces black bandleader Big Bill Broonzy's UK tour in the 1950s, and the second looks at harmonica player Errol Linton who is attempting to bring a touch of the blues to his native London.

8.55 Frost in the Air. David Frost introduces excerpts from memorable interviews over the past 30 years. The final programme of the series features a discussion with pioneering surgeon Christiaan Barnard on the ethics of heart transplants, and a meeting with John Lennon and Yoko Ono filmed at the height of their peace campaign in the late 1960s. Orson Welles gives his views on bullfighting, and playwright Tennessee Williams allows viewers a rare insight into his life.

9.50 Nice Town. Tensions reach boiling point when Linda suffers a nervous attack and reveals that Angelica is the child of her husband's brother. Final episode of Guy Hibbert's offbeat drama, starring Paul McGann, Josette Simon, Gwyneth Strong and Philip Davis.

10.50 Video Diaries. New series. Candid personal accounts, beginning with the thoughts of Brenda Nixon, a Yorkshire miner's wife, on the likely long-term effects of the recent pit closures in Britain.

12.15 Cricket: NatWest Trophy Final. Sussex v Warwickshire. Highlights from Lord's.

1.15 On the Air. Lester sabotages Betty's dinner date with the station chief. Ian Buchanan stars in the final episode of the series.

1.45 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Opening Shot.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 Athletics. Highlights of the Brussels Grand Prix. Introduced by Jim Rosenthal.

2.10 Movies, Games and Videos. Review of This Boy's Life, starring Robert De Niro.

2.40 Biggin Hill International Air Fair 1993. The 30th anniversary, plus a celebration of 75 years of the RAF.

3.40 WCW Worldwide Wrestling. Ringside action with the American giants.

4.10 The $64,000 Question. Bob Monkhouse quizzes contestants on subjects including The Rolling Stones, The Archers and Tsar Nicholas II.

4.40 ITN News and Results; Weather.

5.00 London Today and Sport; Weather.

5.15 Beadle's About. Candid camera comedy.

5.45 Baywatch. Mitch rekindles his romance with journalist Kaye Morgan. David Hasselhoff stars.

6.40 Film: Superman IV: The Quest for Peace. Christopher Reeve dons the red cape once more and sets out to persuade the world's superpowers to dismantle their nuclear arsenals – but he reckons without his arch-enemy Lex Luthor, who has created a super-foe equal in strength to the Man of Steel. Comic-strip adventure, also starring Gene Hackman, Jackie Cooper, Mariel Hemingway and Margot Kidder (1987).

8.15 The Bill. DS Pearce befriends a stripper while investigating a serious assault.

8.45 ITN News; Weather.

8.55 London Weather.

9.00 Film: Lethal Weapon II. Mel Gibson and Danny Glover, as the mismatched police duo, set their sights on a gang of South African diplomats using their political power to begin a drug-smuggling operation. Action thriller, with Patsy Kensit, Joss Ackland and Derrick O'Connor (1989).

11.05 Film: Sextette. Mae West comes out of retirement at 86 to play a much-married Hollywood sex symbol whose honeymoon is interrupted by her ex-husbands (1978).

12.40 The Big E.

1.40 Get Stuffed; ITN News Headlines.

1.45 It's Bizarre.

2.40 Get Stuffed; ITN News Headlines.

2.45 New Music.

3.45 Night Heat.

4.40 BPM.; Night Shift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 The Perfect Fit. 12.30 pm Kasak.(English subtitles).

1.05 Film: Tovarich. A Russian couple flee to Paris during the Revolution and take jobs as servants in an eccentric household. Claudette Colbert and Charles Boyer star (1937).

3.00 Racing from Kempton Park. Coverage of the 3.10 Geoffrey Hamlyn Handicap Stakes, 3.40 BonusPrint September Stakes, 4.10 BonusPrint Sirenia Stakes, and the 4.40 Spelthorne Handicap Stakes. Commentary by Graham Goode, Jim McGrath, Lesley Graham, John Tyrrel and John McCririck.

5.05 Brookside.

6.30 Shoot the Video. New series. Chris Serle discovers how camcorder owners can get the best from their equipment, and looks at techniques to turn a home movie into something special. In tonight's programme he travels to Majorca and focuses on the use of tilting, panning and zooms in holiday films.

7.00 The World This Week. The week's international events; News Summary.

8.00 Best of Cutting Edge. The progress of 39 volunteers and staff as they attempt the parachute regiment's All Arms assault training course. The short but gruelling programme of activities, which includes numerous speed marches, climbs and endurance races, is so tough that more than half the hopefuls fail and vow never to repeat it.

9.00 Just for Laughs. Aspiring new comedians from around the world perform at the Theatre St Denis in Montreal. Established British funnymen Paul Merton, Jeremy Hardy and Owen O'Neill meet up with hopeful names from across the water, including young black comic Dave Chappelle from Washington, and lesbian comedienne Lea Delaria.

10.30 The Big One. Will James reveal his true feelings for Deddie before it's too late? Last in series.

11.05 Film: Hello Hemingway. Drama chronicling the life of a young girl growing up in 1950s Cuba. Laura De La Luz stars (1990).

12.40 Film: The Sun Also Rises. Adaptation of Ernest Hemingway's novel about the European adventures of a group of drifters and dreamers during the 1920s. Errol Flynn, Tyrone Power and Ava Gardner star (1957).

3.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 2.10 At the Earth's Core. (1976) 3.45 The A-Team. 5.00 Anglia News and Sport 8.55 Anglia Weather. 11.05 The First Monday in October. (1981)

CENTRAL:
12.30 America's Top 10. 1.05 Central News 2.10 Knight Rider. 3.05 The A-Team. 4.00 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match – Goals Extra. 8.55 Local Weather. 11.05 Beverly Hills 90210. 11.55 Billion Dollar Threat. (TVM 1979)

CHANNEL:
12.30 Movies, Games and Videos. 1.05 Channel Diary. 2.10 International Yacht Racing. 3.10 Nigel Mansell's IndyCar '93. 3.40 Cartoon. 3.55 WCW Worldwide Wrestling. 5.00 Channel News. 5.05 Puffin's Pla(i)ce. 11.05 Dracula, Prince of Darkness. (1965)

GRAMPIAN:
12.30 Cruinne-Ce. 1.05 Grampian Headlines 2.10 Telefios. 2.20 Calptean Pianaid. 3.10 Tomas Tobaech 'S A Cheraidean. 3.15 Movies, Games and Videos. 3.45 Police News. 3.50 WCW Worldwide Wrestling. 5.00 Grampian News and Sport 5.05 Grampian News Review. 5.10 Cuirm Cloinne. 8.55 Grampian Weather. 11.05 The First Monday in October. (1981)

GRANADA:
12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Kick Off. 1.40 Granada Sport Action. 5.00 Granada News 5.05 Goals Extra. 11.05 The First Monday in October. (1981)

HTV:
12.30 Movies, Games and Videos. 1.05 HTV News. 2.10 Nigel Mansell's IndyCar '93. 2.40 Cartoon Time. 2.45 McCloud: Million Dollar Round Up. 5.00 HTV News and Sport 8.55 HTV Weather. 11.05 The First Monday in October. (1981)

MERIDIAN:
12.30 Movies, Games and Videos. 1.05 Meridian News. 2.10 International Yacht Racing. 3.10 Nigel Mansell's IndyCar '93. 3.40 Cartoon. 3.55 WCW Worldwide Wrestling. 5.00 Meridian News. 11.05 Dracula, Prince of Darkness. (1965)

SCOTTISH:
12.30 Movies, Games and Videos. 1.05 Scotland Today. 2.10 Telefios. 2.40 Calptean Pianaid. 3.10 The Sullivans. 3.40 Life Goes On. 5.00 Scotland Today and Sports News 8.55 Scottish Weather. 11.05 The Human Factor. (1975)

TYNE TEES:
12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 2.10 Ski Lift to Death. (TVM 1978) 3.45 McCloud: Night of the Shark. 5.00 Tyne Tees Saturday 11.05 The Adventures of Baron Munchausen. (1989)

WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 2.10 Nigel Mansell's IndyCar '93. 2.40 Mountain Bike Xpress. 3.15 Birthday People. 3.20 Anybody Out There? 3.50 Superstars of Wrestling. 5.00 Westcountry Weekend Latest. 11.05 The First Monday in October. (1981)

YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News. 2.10 Ski Lift to Death. (TVM 1978) 3.45 McCloud: Night of the Shark. 5.00 Calendar News. 11.05 The Adventures of Baron Munchausen. (1989)

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Animal World. 7.40 Pigeon Street. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 Faith to Faith. 9.30 This is the Day. 10.00 See Hear!

10.30 Film: Cross Creek. Biopic of writer Marjorie Kinnan Rawlings, who in the 1920s struggled to carve out a new life for herself in the Florida Everglades. Mary Steenburgen stars (1983).

12.30 CountryFile.

12.55 Weather for the Week Ahead.

1.00 News

1.05 Comrades: Full Circle? The development of the trade union movement.

2.00 EastEnders.

3.00 Film: The Yearling. Family drama about a farmer's son who adopts a stray deer. Gregory Peck stars (1946).

5.05 Dot and the Line. Cartoon.

5.15 If the Worst Happens. How to treat a choking child.

5.25 Jim'll Fix It. Jimmy Savile introduces a special compilation.

6.10 News.

6.25 Summer Praise.

7.00 Keeping Up Appearances. Hyacinth Bucket (Patricia Routledge) concocts an elaborate plan to make husband Richard an executive.

7.30 Lovejoy. Ian McShane as Lovejoy becomes the unwilling guardian of a stolen antique statue – can he return it before being arrested for theft?

8.20 Birds of a Feather. The strain of visiting husband Darryl begins to tell on Tracey – but even Sharon is surprised when she sets her sights on another man.

8.50 News and Weather.

9.05 Screen One: Wide Eyed and Legless. Julie Walters and Jim Broadbent star in this powerful drama based on the true story of a woman's battle against a mysterious debilitating illness. Based on the autobiographies of Diane Longden's husband Deric, Jack Rosenthal's screenplay captures the couple's mixed responses as they come to terms with the trauma and learn to live each day to the full.

10.35 Everyman. Christianity in the world of sport. Forty per cent of American professional athletes claim to be Christians. But do those involved have genuine faith, or are they merely praying to win?

11.15 Film: Dead of Winter. Thriller, starring Mary Steenburgen, Roddy McDowall and Jan Rubes (1986).

12.50 Weather.

12.55 Close.

BBC2

6.15 Open University. 9.10 System 93. 9.35 Teenage Mutant Hero Turtles. 9.55 Jonny Briggs. 10.10 Rugrats. 10.35 Grange Hill. 11.00 FOT. 11.25 Futurecooks. 11.45 The O Zone.

12.00 Sunday Grandstand. Introduced by Ray Stubbs. Including at 12.05 Ice Hockey: The Olympic Qualifying Tournament from Sheffield. Great Britain compete in their final match against the Slovakian Republic. Barry Davies and Paul Ferguson commentate. 12.35 Cricket: The Sunday League. Coverage of a 50-overs-per-side match. 1.15 Rowing: The World Championships from Prague. Olympic gold medallists the Searle brothers compete in the coxed pairs against World Champions the Abbagnale brothers from Italy. Other British medal hopes rest on the eights crew and Peter Haining in the men's lightweight single sculls. 1.40 Cricket. Continued. 2.10 Motor Cycling: The Supercup International. Barry Nutley and Steve Parrish commentate from Brands Hatch. 2.40 The British Touring Car Championship. Murray Walker commentates on the action from Thruxton. 3.00 Cricket. 3.30 Motor Cycling. 4.00 Cricket. 4.30 Motor Cycling. 5.00 Cricket. 6.00 Rowing. 6.15 Motor Cycling. Times may vary.

6.50 A Passion for Angling. A tour of scenic fishing locations around Britain.

7.40 Nature by Design. How nature has solved many of the same problems that human designers had to overcome to produce today's fastest supercars.

8.10 Hollywood UK. The story of British film-making in the 1960s, the decade which introduced an influx of home-grown talent to the movie scene. Presented by director Richard Lester, the first programme features interviews with key figures.

9.10 Q Milligan. Compilation of zany comic sketches from Spike Milligan's 1970s series Q.

9.40 World Chess Championships. The background to this year's two rival competitions in London and the Netherlands.

10.10 Film: Blow-Up. Thriller, starring David Hemmings, Vanessa Redgrave and Peter Bowles (1966).

12.00 Moviedrome. Alex Cox introduces tonight's film.

12.05 Film: Requiescant. Spaghetti Western about a young man's quest to avenge the death of his gunslinger father. Lou Castel stars (1968).

2.00 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.

1.10 The Judy Finnigan Debate. New series. Discussion on political and moral issues of the day.

2.00 Cobblestones, Cottages and Castles. Visit to Devon's Ottery St Mary, Dorset's Sherborne Abbey, Cornwall's Kilkhampton and St Neot's Parish Churches.

2.20 The Sunday Match. West Bromwich Albion v Wolverhampton Wanderers.

5.00 Over the Moon, Brian. Celebration of commentator Brian Moore's career, featuring George Best, Bobby Charlton and Brian Clough.

6.00 London Tonight; Weather.

6.20 ITN News; Weather.

6.30 The Jacksons: An American Dream. Part one of a dramatisation chronicling the famous musical family's transition from poverty to a life of celebrity. The story begins in Indiana, as newlyweds Joseph and Katherine Jackson embark on married life. A steel-mill worker, Joseph struggles to provide for his children, and after realising they have a natural talent for singing and dancing, forms the Jackson Five as a way of making his dreams of fame and fortune a reality.

9.00 Film: Pretty Woman. Julia Roberts and Richard Gere star in the television premiere of this blockbusting romantic comedy about a ruthless millionaire businessman who hires a streetwise hooker to escort him for a week - unaware of the effect they will have on each other's lives. With Ralph Bellamy, Laura San Giacomo and Hector Elizondo (1990).

11.10 ITN News; Weather.

11.20 London Weather.

11.25 Julian Clary Presents the Best of Edinburgh. Fast-paced variety show.

12.25 Film: War of the Worlds: The Resurrection. Martian invaders are revived from their state of suspended animation by a radiation leak and resume their plan to subjugate the Earth. Pilot for the SF TV series, starring Jared Martin, Lynda Mason Green and Richard Chaves (TVM 1988).

2.15 Get Stuffed; ITN News Headlines.

2.20 Cue the Music.

3.20 Get Stuffed; ITN News Headlines.

3.25 Pro Box Classics.

4.25 Get Stuffed.

4.30 The Canary Kids.

5.00 Crusade in the Pacific.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 Owl TV. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.45 Film: Home in Indiana. The daughter and son of rival farmers fall in love. Family drama, starring Jeanne Crain, June Haver and Walter Brennan (1944).

2.45 Football Italia. Roma v Juventus.

5.00 American Football. New series. Guide to the rules of gridiron.

5.25 News Summary.

5.30 Hypnosis. With Boy George, DJ Danny Rampling, and a special report on scams. Last in series.

6.00 The Real World. Heather takes her frustration out on Eric.

6.30 The Cosby Show.

7.00 Equinox. Research into prion, an infectious protein. The virus has yet to be found but prion is believed to be linked to fatal brain diseases in humans and animals. The programme investigates how the use of infected sheeps' brains in cattle feed led to the current BSE epidemic, and examines whether humans are also under threat.

8.00 Concerto! Irish pianist Barry Douglas presents his interpretation of Rachmaninoff's Second Piano Concerto.

9.00 Film: Stella. Bette Midler stars in this tear-jerker about a waitress who puts the welfare of her daughter before personal happiness (1990).

11.05 The Panama Deception. Oscar-winning documentary recounting the 1989 US invasion of Panama, supposedly to stop President Noriega's drug-trafficking. The attack left 25,000 people homeless and thousands dead, with many bodies simply dumped in mass graves – yet the illegal drugs trade carried on uninterrupted. Was the real reason for the military action to keep control of the strategically crucial Panama Canal?

12.50 Film: Don't Move, Die or Resuscitate. Russian director Vitali Kanevski's drama about life in a small mining town under Stalinese rule, where Japanese PoWs labour alongside the local workforce. Dinara Droukarova, Pavol Nuzarov and Elena Popova star. Part of the World Cinema season (1990). (English subtitles).

2.40 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Countrywide. 12.55 Anglia News. 2.00 Cartoon. 2.10 The Seventh Dawn. (1964) 4.30 $64,000 Question. 6.00 Anglia News 11.20 Weather.

BORDER:
12.30 Gardener's Diary. 12.55 Border News. 2.00 The Munsters Today. 2.30 Over the Moon, Brian. 3.30 Highway to Heaven. 4.30 Scotsport. 5.30 $64,000 Question. 6.00 Border Week. 6.15 News.

CENTRAL:
12.30 Central Newsweek. 12.55 Central News 2.00 Take 15. 2.15 The Mountain Bike Show. 2.45 The Central Match – Live. 6.00 Cartoon Time. 6.15 Central News 11.20 Local Weather.

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 North to Alaska. (1960) 4.15 Over the Moon, Brian. 5.15 $64,000 Question. 5.45 Champions. 6.15 Channel News.

GRAMPIAN:
12.30 Gardener's Diary. 2.00 Going Hollywood: The Thirties. (1984) 3.30 Over the Moon, Brian. 4.30 Scotsport. 5.30 Nigel Mansell's IndyCar '93. 6.00 Grampian Headlines 6.05 Eikon. 11.20 Weather.

GRANADA:
12.25 Dog Days. 12.55 Granada News 2.00 Highway to Heaven. 3.45 Three's a Crowd. (TVM 1969) 5.15 Coronation Street. 6.15 Granada News

HTV:
12.30 HTV News. 12.35 HTV Newsweek. 2.00 In Your Own Write. 2.30 The West Match. 3.25 Inside Out. (1975) 5.15 Over the Moon, Brian. 6.15 HTV News. 11.20 HTV Weather.

HTV Wales as HTV except:
12.35 Playback. 2.00 Invitation to Remember. 2.30 Murder, She Wrote.

MERIDIAN:
12.30 Seven Days. 12.50 Meridian News. 2.00 North to Alaska. (1960) 4.15 Over the Moon, Brian. 5.15 The $64,000 Question. 5.45 Champions. 6.15 Meridian News.

SCOTTISH:
12.30 Eikon. 12.45 Country Ways. 12.55 Scotland Today. 2.00 Wemyss Bay 902101. 2.30 The Island Peak's Race. 3.00 Over the Moon, Brian. 4.00 Bullseye. 4.30 Scotsport. 5.30 Speaking Our Language. 6.00 Scotland Today 11.20 Weather.

TYNE TEES:
12.25 Lives in Focus. 12.50 Tyne Tees Newsweek. 2.00 Life Goes On. 2.55 Mystery Island. (1981) 4.20 Over the Moon, Brian. 5.20 $64,000 Question. 5.50 Tyne Tees Weekend.

ULSTER:
12.30 Gardening Time. 12.55 UTV Live News 2.00 Police Six. 2.10 Over the Moon, Brian. 3.10 Dreams of Gold: The Mel Fisher Story. (1986) 4.45 $64,000 Question. 5.15 Coronation Street. 6.10 Witness. 6.15 UTV Live Evening News 11.20 UTV Live News

WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Life Goes On. 3.00 Glory Days. (TVM 1988) 4.45 Champions. 5.15 Over the Moon, Brian. 6.15 Westcountry Weekend Latest.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Life Goes On. 2.55 Mystery Island. (1981) 4.20 Over the Moon, Brian. 5.20 $64,000 Question. 5.50 Calendar News and Weather

S4C Wales as Channel 4 except:-
7.05 Early Morning. 12.45 Mork and Mindy. 1.15 Evening Shade. 1.45 Equinox. 5.25 Dancing into the Nineties. 6.15 Dinosaur Footprints. 7.15 Hapus Dyrfa. 7.45 Hel Straeon. 8.15 Newyddion. 8.20 Saith Diwrnod Ar y Sul. 8.35 Kasparov v Short.

RADIO

SATURDAY

BBC RADIO 2

6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Hayes on Saturday. 1.30 The Queen of Romance. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Hats Off to Donald. 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Chas and Dave Plus Friends. 7.00 Katie and Friends. 7.30 The World Choir. 9.30 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Adrian Finighan. 4.00 Barbara Sturgeon.

BBC RADIO 3

6.35 Open University: Popular Theatre in 16th Century London. 6.55 Weather.

7.00 Saturday Morning Concert.

9.00 News. 9.05 Prom News.

9.20 Record Release.

12.00 Spirit of the Age.

1.00 News.

1.05 Shostakovich: The String Quartets.

2.25 For a Temple of the Night.

2.40 Falstaff.

5.00 Jazz Record Requests.

5.45 Opera News.

6.30 Liszt.

7.15 Prom News.

7.30 Proms. Schumann and Brahms.

9.20 I Was Lucky: The Life of Eugene Powell. Russell Davies talks to the blues guitarist.

9.50 Three for Two and One for Six. Ervin Schulhoff, Lubos Fiser, Martinu, Hans Werner Henze.

10.55 Maynard Ferguson's Big Bop Nouveau Band recorded at the 1990 Glasgow Festival.

12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.

6.10 The Farming Week.

6.50 Prayer for the Day.

7.00 Today.

9.00 News.

9.05 Sport on 4.

9.30 Breakaway. David Bellan visits Trinidad and Tobago.

10.00 Loose Ends.

11.00 Talking Politics.

11.30 From Our Own Correspondent.

12.00 Money Box.

12.25 The News Quiz.

1.00 News.

1.10 Any Questions?

2.00 Any Answers? 071-580 4444.

2.30 Playhouse: The Key to My Father's House. Gulf War drama, by Leslie Stewart.

3.45 They Don't Still Make That, Do They?

4.00 Three Actors in Search of a Character.

4.30 Science Friction.

5.15 Personal Obsessions. Dee Urquhart's teddy bear collection.

5.25 Fourth Column.

6.00 News and Sports Round-Up.

6.25 Struck off and Die.

6.50 Ad Lib. Seaside landladies in conversation with Robert Robinson.

7.20 Kaleidoscope.

7.50 Saturday Night Theatre: Ripples. Drama, by Maggie Allen.

9.20 Music in Mind.

9.50 Ten to Ten.

10.00 News.

10.15 Cleaning Up.

10.45 Encounters. Great figures of the past.

11.00 Richard Baker Compares Notes.

11.30 Boogie Up the River. Mark and Boogie arrive in Oxford. Timothy Spall stars.

12.00 News.

12.33 Shipping Forecast.

12.43 (FM) Close.

12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.

6.30 Weekend Edition.

9.30 Get Set.

10.25 Sport on Five.

7.30 Afropop Worldwide.

8.30 La Top.

9.30 Nightbeat.

10.00 Sports Bulletin.

10.15 The Way Out.

12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:

6.00 News. 6.30 Europe Today. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 Inside Westminster. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports. 11.00 News Summary; Jazz Now And Then; Letter From America. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; Words of Faith; Multitrack Three. 1.45 Sports. 2.00 Newshour. 3.00 News; Sportsworld. 4.00 News; BBC English. 4.30 Heute Aktuell: News in German. 5.00 News; News About Britain; Sportsworld. 6.00 BBC English. 6.30 Heute Aktuell: News in German. 7.05 German Features. 8.00 News; Write On; From Our Own Correspondent. 8.35 Tales From Wales. 8.45 From The Weeklies. 9.00 News; Words of Faith; Personal View. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain; Jazz For The Asking. 11.45 Sports. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 Newsdesk. 1.30 Play Of The Week: Rosencrantz and Guildenstern Are Dead. 3.00 Newsdesk. 3.30 From Hoplite To Harrier: A Radio History Of Warfare. 4.00 News; News About Britain; Sports. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 John Sachs. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Rosemarie Ford. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Adrian Finighan. 3.00 Alex Lester.

BBC RADIO 3

6.35 Open University: Social Science Foundation Course. 6.55 Weather.

7.00 The Phoenix and the Oracle. Monteverdi, Castello, Dowland, Farina, Monteverdi, Legrenzi, Byrd.

9.00 News.

9.05 Brian Kay's Sunday Morning. Bernstein, Holst, Cavalli, Ravel, Vaughan Williams, Chopin, Glazunov, Satie, Tippett, Sullivan, Tchaikovsky orch Taneyev, Mozart, Rachmaninov.

12.00 Proms.

1.20 News.

1.25 Poetry in Action.

1.40 BBC Symphony Orchestra.

3.15 Shostakovich: String Quartets.

4.25 Markham and Nettle. Schubert, Schumann, Chopin.

5.15 Simon Rattle conducts. Berg and Suk.

6.45 Liszt.

7.30 Proms. Haydn and Beethoven.

9.40 Sunday Play: En Passant. Comedy, by David Benedictus.

10.40 Brahms.

11.25 Sacred Music from Fribourg.

12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.

6.10 Prelude.

6.30 Morning Has Broken.

7.00 News.

7.10 Sunday Papers.

7.15 The Living World.

7.40 Sunday.

8.50 Brian Redhead. An appeal on behalf of the Partially-Sighted Society.

9.00 News.

9.10 Sunday Papers.

9.15 Letter from America.

9.30 Morning Service.

10.15 The Archers. Omnibus.

11.15 News Stand.

11.30 Pick of the Week. Neil Kinnock's personal selection.

12.15 In the Psychiatrist's Chair.

1.00 The World This Weekend.

2.00 Gardeners' Question Time.

2.30 Classic Serial: Tono-Bungay. By HG Wells.

3.30 Tolstoy: At War and Peace.

4.00 Ages Past.

4.47 Golden Oldies.

5.00 Took's Tour. Barry Took visits Weston-Super-Mare.

5.30 Poetry Please!

6.00 Six O'Clock News.

6.15 Feedback.

6.30 New Europeans.

7.00 In Business. An unorthodox Brazilian company.

7.30 A Good Read.

8.00 Rites of Passage.

8.30 Look Who's Talking.

9.00 Natural History Programme.

9.30 Special Assignment.

10.00 News.

10.15 Science Friction.

11.00 Out of Order.

11.30 Seeds of Faith. The life and work of Simone Weil.

12.00 News.

12.33 Shipping Forecast.

12.43 (FM) Close.

12.43 (LW) As World Service.

BBC RADIO 5

6.00 As World Service.

6.30 Weekend Edition.

9.30 Whoppers.

10.00 Johnnie Walker.

11.30 Fantasy Football League.

12.40 Open Forum.

1.00 Sunday Sport.

7.20 Open University.

10.10 Across the Line.

12.00 Close.

WORLD SERVICE

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6.00 Newshour. 7.00 News; News About Britain; Letter From America. 7.30 Jazz For The Asking. 8.00 News. 8.30 From Our Own Correspondent; Write On. 9.00 News; Words of Faith; Ray On Record. 10.00 News; Business Review. 10.15 Seeing Stars. 10.30 Folk Routes. 10.45 Sports. 11.00 News; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News. 12.30 Play of the Week: Rosencrantz and Guildenstern Are Dead. 2.00 Newshour. 3.00 News; The Fight Against AIDs. 3.30 Anything Goes. 4.00 News; BBC English. 4.30 News and Features in German. 5.00 News; News About Britain; From Hoplite To Harrier: History of Warfare. 5.45 Letter From America. 6.00 BBC English. 6.30 News And Features in German. 8.00 Music Inside Out. 8.20 Europe Today. 9.00 News; Words of Faith; Folk Routes. 9.30 Brain of Britain. 10.00 Newshour. 11.00 News; News About Britain; Seeing Stars. 11.30 Letter From America. 11.45 Sports. 12.00 News; Business Review; Ray On Record. 1.00 News. 1.30 In Praise Of God. 2.00 News; The Record Producers. 2.45 The Cello On Record. 3.00 News. 3.30 Composer Of The Month: Anton Bruckner. 4.00 News; News About Britain. 4.15 Sports. 4.30 BBC English. 4.45 News And Press Review in German.

CHESS

NIGEL SHORT and Gary Kasparov start *The Times*/PCA 24-game world championship in London on Tuesday, while the rival Fide title match, Karpov v Timman, opens on Monday in Zwolle.

The combined stakes total £3m, but both matches have their problems. Prices for Short-Kasparov at the Savoy Theatre, were set at £45-£150 and sales were disastrous. Energetic marketing and massive discounts have produced a sell-out for at least the first game. Readers of *The Sun* and *News Of the World*, both Murdoch papers like the *Times*, can buy £45 tickets for £10.

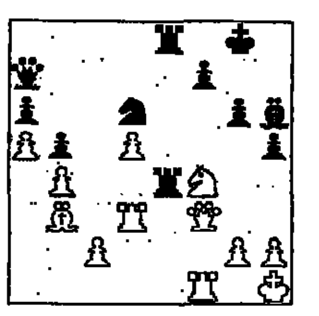
There are conflicting reports over how much, if any, of their £900,000 share of the prizemoney the Dutch organisers of the first 12 games have raised. Oil money guarantees games 13-24 in Oman.

A surge of optimism in the Short camp has modified the view that the two Ks should both win easily. When he arrived in London Kasparov said he had just spent two weeks in Moscow in political meetings. In 1987 pro-Yeltsin campaigning almost lost him his title to Karpov.

Short visited this week's final round of the Lloyds Bank Masters, where his England team colleague Speelman won from Miles and Nunn, with the Russian contingent also-rans. He hopes a close half-way score in the world title tussle will produce a war of attrition, neutralising Kasparov's creativity. Kasparov leads Short 10-1 with four draws in their previous games. I still go for Gary: 15-9.

Meanwhile, Bobby Fischer's Hungarian manager has proposed a £40m Fischer v Kasparov ultimate showdown, with games spread over four continents.

No 989



P Morris v D King, Lloyds Bank 1993. Black has gambitted a pawn for active play, but White (to move) saw the chance to win a second pawn by Nxh5 gxh5 2 Qg3+ Rg4 3 Qxd6. What did he miss?

Solution Page XX

Leonard Barden

BRIDGE

I HAVE given today's hand before but it is well worth another airing:

N
♠ 10 9 7 4
♥ 9 7 6
♦ A 8
♣ K J 10 4

W
♠ Q 3
♥ Q J 10 4
♦ Q 7 6
♣ 8 7 5 2

E
♠ J 5 2
♥ K 9 5
♦ K 9 4 3 2
♣ 9 3

S
♠ A K 8 6
♥ A 3 2
♦ J 10 5
♣ A Q 6

With North-South game, South dealt and bid one no-trump, promising 16-18 points. North replied with two clubs and raised his partner's re-bid of two spades to four spades. That concluded the auction.

When West opened with the heart queen, prospects were not bright. There seemed to be four losers. Perhaps one defender might hold queen or knave of spades doubleton. Winning the heart with his ace, South cashed spade ace, but no honour dropped. First hope gone. He followed with the spade king, dropping the queen from West.

What about the clubs? If they broke evenly, he could cash three clubs and discard a heart on the fourth before East could ruff. Suddenly, he saw a deception which might trick East into delaying the ruff. He cashed his club ace, led his six to dummy's king and continued with the 10, as though he was attempting a ruffing finesse against East.

It worked. East discarded a diamond and the declarer's queen won. Crossing to the diamond ace, South led the 10 of clubs. East ruffed but too late. South discarded a losing heart and made his contract.

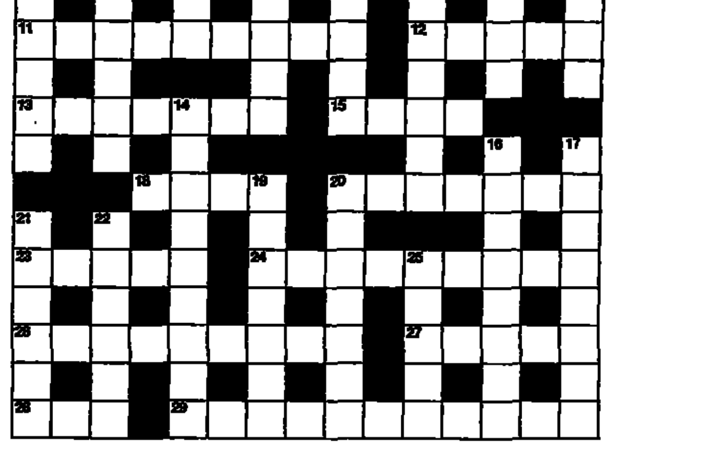
Difficult for East: only a peter by West, showing that he held four clubs, could alert East to the necessity for ruffing the third club before South could gain a vital discard.

E.P.C. Cotter

CROSSWORD

No. 8,245 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday September 15, marked Crossword 8,245 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 18.



ACROSS

1 Bird to continue, with slight alteration, to sound like bird (7,4)
7, 9 Important pupil, maybe called Bramley, whence comes . . . . (3,5)
10 . . . . magazine to worry keen reformer (3,6)
11 42'd sound to Americans like courage (9)
12 Qualification for corporal that needs a lot to be a knight (5)
13 It's pa'tic'ly adapted to supply the potter (4,3)
15, 18 Delay between arrival and departure on the cricket field (4,4)
20 Some students' income is used for clothes (7)
23 Go back without success being due (5)
24 Musician as model to peculiar boy (9)
26 Relation compelling belief about sunburn (9)
27, 28 Bistro supplying sherry without a name to group of beats (5,3)
29 Tree with nuts on at end of March (11)

DOWN

1 Exposed seam from latter part of tobacco leaf (8)
2 Banker's epitaph on heretic (8)
3 British tribe comes in twice nightly (5)
4 No trumps? No case to answer (7)
5 Unseasoned timber? It isn't fair (3,4)
6 Lots of trees make lawn so odd (9)
7 Two little pieces of coral island? (6)
8 Order to keep up? (6)
14 Father wandering again to around Cape Horn (9)
16 Take away advance payment for pamphlet (8)
17 Queen in bureau at home could produce a jacket (8)
19 The advertisement on the front page is on top of mine (7)
20 Retaliate in shop? (7)
21 Child of earth? (3-3)
22 Mechanic in better health (6)
25 Italian food: the finished article (5)

Name..

Address..

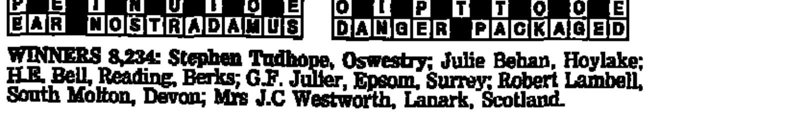
Solution 8,244

D	E	S	T	I	N	A	T	I	O	N		C	O	D
R		T		D		L		N		O		O		E
E	E	R	I	E		L	I	V	E	R	Y	M	E	N
A		A		A		O		E		T		B		I
M	A	Y	F	L	O	W	E	R		H	E	A	T	S
E		I				E		S		E		T		E
R	A	N	K	L	E	D		E	L	A	N			
S		G		O						S		S		A
			C	H	A	R		A	T	T	R	A	C	T
C		C		E		E		M				L		H
A	S	H	E	N		M	E	A	N	S	W	E	L	L
N		A		G		A		T		T		R		E
A	S	S	E	R	T	I	V	E		A	F	O	O	T
P		E		I		N		U		I		O		E
E	A	R		N	O	S	T	R	A	D	A	M	U	S

Solution 8,234

B	U	T	C	H	E	R	Y		A	B	R	A	D	E
E		W		O		E		S		Y		L		L
C	R	O	U	P		P	I	T	C	H	P	I	P	E
O		A		E		T		A		O		V		V
M	E	N	D	A	C	I	T	Y		O	P	E	R	A
E		D		G		L		E		K				T
	S	T	R	A	F	E		D	O	O	R	D	I	E
S		W		I						R		O		D
T	R	O	U	N	C	E		T	O	B	A	G	O	
A				S		G		A		Y		E		S
I	S	L	E	T		O	F	F	I	C	I	A	T	E
R		A		H		I		F		R		T		E
R	E	T	R	O	U	S	S	E		O	R	D	E	R
O		I		P		T		T		O		O		E
D	A	N	G	E	R		P	A	C	K	A	G	E	D

WINNERS 8,234: Stephen Tudhope, Oswestry; Julie Behan, Hoylake; H.E. Bell, Reading, Berks; G.F. Juller, Epsom, Surrey; Robert Lambell, South Molton, Devon; Mrs J.C Westworth, Lanark, Scotland.



Fighting a losing battle

■ From page I

react to a woman taking off her shoes in a bus. They might react to the smell of a McDonald's hamburger. For the unstable person who's ready to go over the edge, the mere breath of anything will do it and the responsibility lies with that individual, however demented, or with the little sub-culture that created him: his family, his community."

Craven pinpoints here another area of the censorship debate. Why do we allow censors and media authorities to sit in judgment on cultural consumption habits that should be the responsibility of parents, if we are young, or of ourselves, if we are adult? "The children we're protecting," responds Ferman, "are the very ones who don't have good parenting or a strong community around them. It is the root of their problem."

To the outsider, though, the solution looks just as suspect. Why look to censors as substitute parents? These are people who, if we believe their arguments about depravity and corruption, have been exposed to more vitiating material than anyone else in the country. Are they morally armour-plated?

Ferman: "If one has critical viewing skills, one has a layer of defence already. We at the board watch films armed with comparables from other films we've seen; we take notes throughout the viewings. We don't watch coldly like technicians because you can't: one of the things we're assessing is how a film or video acts on the viewer, not just intellectually but viscerally. But we also assess our own viewing experience in the light of the age group for whom the film is intended."

This sounds like an attempt to make a pseudo-science seem a science. It leads to the question: what are the laboratory criteria for judging if a film is harmful? Wilf Stevenson, head of the British Film Institute, another body that watches over our screen culture (albeit more liberally), says BBFC is almost alone among media watchdogs in the UK in having no published code of practice.

"In broadcasting, you can't get out of the door these days for the volumes of codes and criteria about what is or isn't acceptable. The board has nothing of this kind. It says it wants to be free to respond to changing climates of opinion. But if a decision-making body doesn't have clearly-delineated criteria, it's impossible to discuss the issues with them."

From another viewpoint, as Stevenson himself adds, such discussions may be obsolete, anyway, in a year or two. The technology of media delivery – by satellite to your TV, by telephone to your computer – is leaping so far ahead of the resources of media monitoring that the BBFC might well be readying itself now to hang up its scissors and red pencils.

Ferman nods in stoical recognition of the reality. "What do we do if *Death Wish 2* or *Henry: Portrait Of A Serial Killer* is pumped in uncut from somewhere over the Atlantic? Do we prosecute BT for carrying the signal down its cable wires?"

If the BBFC is, finally, defeated by technology, are there resources left elsewhere to fight corruption? Ferman joins Stevenson in championing the role of media studies as a way of building critical defence mechanisms into the viewer himself. "I think it's the only hope," Ferman says. "You have to create a society in which our schoolchildren can survive in a media-saturated world, where there's less and less chance for intervention."

For Stevenson: "It's the key to a lot of worries. The more you understand the mechanisms and the way people create movie images, the more you can regard them as just another communication system."

The danger with media studies, of course, is that the power to censor changes to the power to censure, and that power is put in the hands of another unpredictable bunch of opinion-formers: school teachers. Some sceptics about censorship think today's real threat to screen freedom and artistic self-responsibility comes not from the sex and violence arena but from the stormtroopers of political correctness.

Says Paul Schrader, whose movies as writer or director have been lightning rods for controversy, from *Taxi Driver* to *The Last Temptation Of Christ*: "We live in an age when people tend to whine and take a grievance and blame somebody else for their problems. We have this heightened sensitivity that people's 'rights' are being violated and you've got to be fair to every party or minority. It's as if everyone has shed their thick skins as some kind of evolutionary stage. The old censorship war was sex and violence versus moral authoritarianism. Today, I think more and more, it's individual freedom versus group dogma."

New times, new scares. The only certain thing about censorship is that deep down many people, including liberals, would hate it to go away. For what is self-expression without the battle to self-express? Schrader again: "Free-spirited people are always in the minority. That's the way it should be. I'd hate to live in a world where they were in the majority. What gives freedom its value is the fight to gain and to define that freedom."

Trevor Humphries

The dissident who reckons there's nothing to be done

John Lloyd is confronted with a bleak view of Russia's future when he meets intellectual Vladimir Bukovsky, a Soviet exile

IF VLADIMIR Bukovsky cannot be president of Russia, he will have no more to do with it. It is the last straw. "After all", he says, "even in the country which I have made my home and which owes me nothing (Britain) I can be anything I want except the king of it."

Bukovsky is one of the handful of dissidents, expelled from the Soviet Union in the early 1970s, whose prominence grew in exile (in Cambridge, as a don) and who have returned when the power which threw him out collapsed. He has tried to take an active part in the new politics but, in Moscow recently, he told a round table of intellectuals and politicians that "the more I return here, the less hope I have of its reform."

Bukovsky earned the right to speak the hard way: arrested and given a 12-year sentence in prisons, camps and mental hospitals in 1961 for attending the reading of a poem on Mayakovsky's suicide 30 years earlier. The poet, among the greatest of the literary enthusiasts for Soviet power, committed suicide when he could no longer fit his Bolshevik idealism to the tortuous path being taken by Stalin towards complete power.

In his memoirs, published in English as *To Build a Castle*, Bukovsky speaks of his generation (or that tiny idealist part of it) reacting to the invasion of Hungary in 1956 with a feeling of betrayal: "We no longer believed anyone. Our parents turned out to have been agents and informers, our military leaders were butchers."

He still believes in no-one in the former Soviet Union. Professing a complete lack of illusion in the reform process, he sketches out an impoverishing, disintegrating and dangerous future for the country of his birth. The objection that he cannot be president – because of a clause in the draft constitution (78) which denies that right to anyone who has not resided in Russia for the past 10 years – is less an indication of presidential ambition than a view that the current authorities are almost as scared of those with a moral position as the old ones.

"They are the old apparatchiks in new clothes, after all. They cannot really change. I have said many times here – to undo the effects of the revolution you need a revolution, and there has not been one."

Another sign of the times: "Oleg Kalugin (a former KGB general turned publicist) wrote in the *Mail on Sunday* that he had been instrumental in developing the poison and the method of killing (Georgy) Markov (the Bulgarian dissident in exile in London). It was tested on a horse and the horse died. It was tested on a prisoner and the prisoner did not die. (Apparently Soviet prisoners are stronger than horses, which did not surprise me). Now – not a word of regret.

"We are seeing a reaction already, a sluggish reaction at every level of power as the bureaucrats extend their authority. And the people round Yeltsin are usually not competent, and terribly provincial. They know nothing outside of their specialism or their district, nothing."

He sees salvation nowhere. Yegor Gaidar, the former prime minister and now one of the leaders of the liberal-conservative wing of Russian politics, achieved little in the way of economic reform because "he followed shock therapy, the Polish model of liberating prices, which was all right for Poland where there was already a large private sector. But [in Russia] it meant the enterprises simply put up their prices and cut production and no-one could stop them. They should have been privatised first – so obvious."

Yet for the economist and politician (and self-announced contender for the presidency) whose strategy this is – Grigory Yavlinsky – Bukovsky expresses more contempt than for "clever but too bookish" Gaidar. "Yavlinsky is nothing but a self-publicist who uses his talent for getting known." And for Professor Jeffrey Sachs, the main foreign influence on economic reform, the same strictures.

"All these people were brought up in the old system. They may have read good things but it would be better had they simply lived in England and had to pay taxes and buy food and pay the rent. Then they would have felt what a free market was like." Bukovsky thinks Boris Fyodorov, the new finance minister, who spent almost two years in London at the European Bank, may, for that reason, have a little better grasp, if not much better chance.

Bukovsky, a neurophysicist by training, now makes his money by advising governments and companies in the former Soviet Union. His advice grows darker and darker, though he retains energy and wit and has acquired English self-irony ("the more gloomy the report you write for them the more they pay you"). His view, stripped down, is that the same fate will befall Russia as befell the USSR: it will disintegrate, messily, perhaps bloodily, perilously for the world.

"Look, you must understand that what is happening here is not democracy. It is the coming to power of the bureaucrat. The dream of the bureaucrat in the Soviet system was to tell his boss to go to hell. Now he can. Now it is happening at every level.

"If Moscow cannot control and pay, then the regions and the republics will break away. Imagine the leaders of the Far Eastern Military District sitting around one day. One says: 'Are they paying you anything?' The other says: 'No, nothing.' So they say: 'OK, who needs them (in Moscow)?' And so, with the political leaders, they make a republic. For the people in the far east it would be very attractive: they could give the Japanese back these four stupid islands they want (the Kuriles) and get a lot of Japanese help.

"The fact that they are all Russians won't be enough in the face of economic necessity. This inflation makes it more the case. So you will get them printing their own money to try to stop the inflation. And if you print your own money it is only a step to having your own central bank, your own government, your own country. And if you had a country which bordered on Yakutia (now called the Republic of Sakwa), which is fabulously wealthy in diamonds, it would be too much temptation not to send some soldiers in there and get some of the diamonds for yourself.

"Soon there will be no national services or culture: they will not pay for them. Even now they cannot pay for communications, railways, roads, and do you think the rest of the country will continue to support the Bolshoi (Theatre)?

"Yeltsin cannot keep it together. People think he is strong and decisive because he acts well in a crisis and he looks tough: actually he cannot take decisions and compromises all the time. When people were burning their party cards in the streets it took him months to decide to leave the party.

"Look how he hesitates to take the initiative against the parliament! He has a fear of being blamed for acting in an authoritarian manner – because of his past, when he was part of such a system. But no leader from outside that system would have paused for a moment to do what has to be done."

He repeats himself. "This is not a democracy. Norris McWhirter (publisher of *The Guinness Book of Records*) once told me what it was. He said there is a word for Russia. It is a kleptocracy. Everyone steals everything. In a paper I did for a company, I was hunting for a parallel state to Russia and I found it: it is Nigeria. All the business is concentrated in the capital, and it is fantastically corrupt. Yet you cannot say it is not a democracy sometimes: you cannot say it is not a market economy."

Bukovsky worked for some part of last year in the archives of the Central Committee of the Communist Party – opened then to scholars and the curious, now closed once more. There he found sustenance for his long-held belief that the CP and the KGB had, especially in the era of *détente*, gone a long way to suborning the liberal and left parties of the west.

"It was the old story: the Menshiviks and the Bolsheviks. The Menshiviks always believed that you could bring them back into the fold, convince them you don't have to use these terrible methods. These illusions persist."

The contemporary illusion against which Bukovsky still attempts to tilt is the western belief that its fear of an imploding Russia can be exorcised by throwing money at it. "If there is one thing you should say, it is: don't give them the money! Don't do it! The west gave billions to Gorbachev and it is impossible to find a single dollar of it. Where did it go? And this will go the same way. It will just disappear."

What is to be done? "Nothing. Nothing to be done. Maybe in some years the country will come together again, the various parts will federate. Maybe. But to stop what is now happening – nothing to be done."

As they say in Europe/James Morgan

Red wine equals red-blooded rugby

READING newspapers on holiday is often a disappointing experience. *La Montagne*, in the Auvergne, made one look hard for the Paris papers to find something that did not read like a freesheet, yet cost almost as much as the *FT*. Luckily, south of the Loire, there is that great consolation, *Midi Olympique*.

This is not the first time I have been entranced by *MO*, the greatest sporting weekly in the world. Its sole concern is rugby union and so, naturally, it is published in Toulouse. Its appearance is unusual: a large broadsheet of hugely unattractive yellow paper. The masthead is unchanged from the day of its foundation in 1919. It represents an aspect of popular French (and, therefore, European) civilisation that has been ignored for too long.

My first holiday edition of *MO* splashed the headline: *"Un Week-end très musclé."* The story revelled in the sendings-off, injuries and spectacular examples of dirty play that had characterised the first round of friendly matches that precede the official opening of the French season this weekend.

Midi Olympique adopts a vigorous, macho approach that makes John Wayne seem like Woody Allen. To followers of the game in other nations, the fascination of French rugby is its beauty-and-the-beast quality. Brilliant ball skills are, somehow, allied to devil-may-care brutality.

The only other nation to have produced a similar combination is South Africa, which might help to explain why the resumption of sporting contacts between the cockerel and the springbok has had such a devastating effect on relations between the two countries.

The edition of *MO* which prompted such musings answered other questions rugby fans have pondered for years. How, for example, did the game come to flourish in southern France, between the Alps and the Atlantic, particularly in the deep south-west? Why is its social infrastructure so different from the country from which it was imported?

Midi Olympique published extracts from a survey of the "political geography of rugby" in which one authority observed: "Often aristocratic, but almost always bourgeois or university-led in Scotland, England and Ireland, working class in Wales, rugby in France remains essentially local and the worthy offspring."

'A vigorous, macho approach that makes John Wayne seem like Woody Allen'

Geographically, French rugby coincides with strongholds of the left, with the Langue d'Oc, as opposed to the offical French of the north. It is republican and often peasant. The great player of years ago, Amédée Domenech, proclaimed: "Rugby votes left." Hence the gulf between French and English players and fans, bridged only when the occasional Englishman goes off to run a bar in the shadow of the Pyrenees.

In its urban manifestations, French rugby coincides with one-industry towns where the club becomes another centre of local cohesion. The report quoted in *MO* said the backbone of any team is found in "teachers, farmers, municipal officials and barmen, where intellectuals, like the bourgeois, have only a modest role (as distinct from the Anglo-Saxon countries.) If the British monarchy formed its officers with the help of the strict education provided by rugby, the republic filled its strongholds of the south-west with the great grandsons of the Third Estate of 1789 and the studious pupils of the 'black hussars of the Republic'." In other words, republican teachers.

Anybody who finds this hard to grasp has only to turn to a column of local news: "Marriage at Narbonne-Corbières club." The story runs: "On Saturday August 4 at 4pm, there were joined together at the church of Marcorignan the scrum-half Michel Barbaste (the new Narbonne manager) and Nathalie Belzons, daughter of the former Narbonne player André Belzons who runs, with his wife Nadine, the Narbonne clubhouse and bar at the Cassayet ground. The bride's brother is the present Narbonne number eight, Gilles Belzons, who follows in his father's footsteps." Even a Welsh newspaper might have offered a sympathetic gesture to the bride.

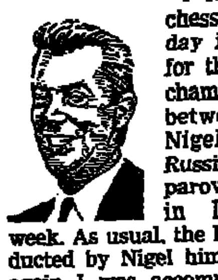
The last edition of *MO* to appear during my holiday revealed more evidence of the roots of French rugby. An official had drawn up a regional league table which showed where the best rugby was played. At the top was Midi-Pyrénées, at the bottom Brittany and Normandy.

A thought which must have struck others suddenly struck me: the league table reflected the relative importance of red and white wine. The less red, the lower the quality of the rugby. No wine means no rugby, except in Paris. English rugby runs on beer, of course. And everyone knows the grape and the grain do not mix.

■ *James Morgan is economics correspondent of the BBC World Service.*

Twist and squirm

Michael Thompson-Noel



I HAD MY final chess lesson yesterday in preparation for the world chess championship tussle between Britain's Nigel Short and Russia's Garry Kasparov which starts in London next week. As usual, the lesson was conducted by Nigel himself, and once again I was accompanied by two friends: Queen Elizabeth II, head of the House of Windsor, and John Major, prime minister (just) of Britain.

During these lessons the Queen has emerged as a superb chess strategist who moves with airy grace through the upper mental atmosphere inhabited by grandmasters of Nigel's calibre.

But John Major cannot hack it. The man cannot concentrate. He is superficially competitive, but that is not sufficient. He is easily befuddled. His play is laborious. He attacks the wrong pieces. Just throws the game away. We have been most disappointed. But we have endeavoured to be kind to him because his struggles in the real world – the crises and the cock-ups, the way people laugh at him – have wrecked his confidence and made him look haunted.

Yesterday we discussed the finer points of Nigel's own preparation for the match.

"One has read, Nigel, about your work-outs with your trainer, Mr Kavalek," said the Queen, "and your tireless search for weaknesses in your opponent's game. So what can we look forward to – what secret moves and stratagems will you use to slay Kasparov the Barbarian? One is counting on you, Nigel, to restore some credibility, plus a *soupçon* of glamour, to one's slightly rocky reign. One despairs of one's children. One is putting one's faith in you. You deserve to win, Nigel. And always remember: *le fruit du travail est le plus doux plaisir.*"

"Oh, right," said Nigel. "Absolutely, yeah. It's really a matter of style, you know, of trying to steer the game towards a style that suits me, or steering it towards a style that is uncomfortable for *him*. Or both at once, preferably. It's actually quite tricky. But life is treating me good right now. I am extremely well and happy. I am resisting all distractions. And I want to kill Kasparov. I really really hate him. He's nothing but a monkey – those horrible dangling arms and all that revolting chest-hair. He works out with dumbbells. He can lift his own bodyweight, 80 flipping kilos. God, how I hate him."

HAWKS & HANDSAWS

The Queen rattled with laughter. Her tiara twinkled and shone. But John Major started to tremble. Greyness suffused his face.

He said: "I am not sure, Nigel, if you shouldn't try to restrain yourself and downplay any natural antipathy you might feel towards your opponent. In my experience most people are perfectly decent sorts once you get to know them, and there are considerable advantages to be gained from not making enemies."

"But he *is* my enemy," said Nigel. "Top-level chess is all about hatred. The moves are incidental. It's about pulverising your opponent. Stamping on his face. Making him scream in agony. Watching him twist and squirm and cry out for mercy as you destroy all his brain cells and smash all his teeth and chop both his arms off. I'm going to kill that monkey."

"Nigel," I murmured. "You should drop this monkey business. Find some other insults. The reason I say this is that there is a move afoot in scientific circles to reclassify the great apes – chimpanzees, orang-utans, gorillas – as people. People with basic rights. This is because of their extreme biological closeness to humans and their sophisticated mental abilities.

"They can communicate, you know. Tell a trained female chimpanzee in sign language that her baby is dead and she will cry, Nigel. Very soon jokes about apes will be as tasteless as jokes about slavery or" – I searched for something topical – "Rupert Murdoch. A few years ago Murdoch looked washed up. He was teetering on the brink. Now he's OK, though. He's being called a visionary because of his success in satellite TV."

The Queen pursed her lips. She abhors the Dirty Digger. John Major was terrified. He lives in mortal fear of him. But Nigel looked thoughtful. It is *The Times*, after all, one of Murdoch's rags, that has raised £1.7m in prizemoney for his match against Kasparov.

"All right," said Nigel grudgingly. "I'll drop the monkey jokes. But I'm still going to murder him, the flipping little git."